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**FOOD STAMP WORK REGISTRATION
AND JOB SEARCH DEMONSTRATION**

FINAL REPORT

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Submitted by:

| | |
|--------------------------|---------------------|
| The Center for Human | Abt Associates Inc. |
| Resources | 55 Wheeler Street |
| Florence Heller Graduate | Cambridge, MA 02138 |
| School | |
| Brandeis University | |
| Waltham, MA 02254 | |

Principal Investigator: Leonard Hausman
Project Director: Jane Kulik

Principal Authors: Robert Lerman
Barry Friedman

Authors: Shari Ajemian
Charles K. Fairchild
JoAnn Jastrzab
Jane Kulik
Christopher Logan
Cecile Papirno
Adam Seitchik

Computer Programmer: Victor Hoffman

Submitted to:

Office of Analysis and Evaluation
U.S. Department of Agriculture
Food and Nutrition Service
3101 Park Center Drive
Alexandria, VA 22302

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FOOD STAMP REGISTRATION AND JOB SEARCH DEMONSTRATION EVALUATION

Leonard Hausman, Brandeis University
Principal Investigator

Boyd Kowal, Food and Nutrition Service
Contracting Officer's Representative

TECHNICAL ADVISORY PANEL

Nathan H. Azrin
Nova University

Thomas Barocci
Massachusetts Institute of Technology

Judith Ann Currie

Richard Light
Harvard University

Howard Rosen

David Stevens
University of Missouri

Michael Wiseman
University of California, Berkeley

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Executive Summary

Since 1971, able-bodied Food Stamp Program participants have been required to register for work and actively seek employment as a condition of receiving food stamp benefits. Until September 1982, this work registration and job search requirement had been jointly administered by the Food and Nutrition Service (FNS) of the Department of Agriculture and the Employment and Training Administration (ETA) of the Department of Labor. Currently the Department of Agriculture maintains sole responsibility for administration of the requirement.

In an effort to improve participant compliance with program rules, to place work registrants into jobs and to reduce the cost of the Food Stamp Program, the Office of Management and Budget in 1979 requested that FNS and ETA examine alternative work registration and job search procedures that would be more efficient and cost-effective than those in place. FNS and ETA then developed a demonstration project to determine the feasibility, effectiveness and cost of four alternatives to the then existing food stamp work requirement.

The demonstration took place in two stages. In the initial stage, eleven Food Stamp Agencies and State Employment Service Agencies (SESAs) across the country operated four experimental models between October 1981 and March 1983. The demonstration was expanded in October 1982 to include seven new sites and four new models; this stage operated through June 1984. A major reason for demonstration expansion was that, during its initial stage, ETA withdrew from the administration of the Food Stamp Program's work registration and job search requirements. Subsequently, the agency withdrew from the demonstration projects as well. As a result, FNS decided

to expand the demonstration to test the capacity of local Food Stamp Agencies (FSAs) to take full responsibility for administration.

To determine whether the demonstration had achieved OMB's goals for the Food Stamp Program, a vigorous process, impact, and cost-effectiveness evaluation was carried out. A central feature of this evaluation was the use of an experimental design. At each participating site, all nonexempt food stamp work registrants were randomly assigned either to a treatment group subject to the experimental work registration and/or job search requirements, or to a control group not subject to any work requirements. The use of this experimental design insured that impact estimates would measure only the effect of the experimental treatment, not factors which could be mistaken for the treatment effect.

Background

Previous research and agency experience showed that food stamp work requirements as applied did little to reduce program participation or benefit costs. The requirements seemed particularly ineffective in getting people to work. Among the reasons given for this ineffectiveness were:

- o Many work eligible individuals were not required to comply with the work registration/job search rules; either with the concurrence of the welfare agency; or because of the agency's failure to apply the requirement to some or all of those eligible for work.
- o The staff and resources required to apply and enforce the required rules were not always sufficient.
- o The procedures used to assist participants in finding employment were not adequate.
- o There was insufficient commitment from the agencies involved to provide the necessary job finding assistance or to sanction those individuals failing to comply with the rules.

A Description of the Demonstration

The Initial Demonstration tested four work registration/job search procedures, or models, at the eleven participating sites. Each local agency participating in the demonstration operated only one model. The models differed from the standard requirements imposed under the Food Stamp Program. Under program regulations, those categorized as work registrants (those not exempt because of age, disability, or family care obligations) had to register for work at the local SESA office and to make a specified number of job contacts with employers. The demonstration models tested were:

- o The In-Person Registration (IPR) Model
- o The Job Club (JC) Model
- o The In-Person Registration/Job Club (IPR/JC) Model, combining in-person registration with a job club.
- o The Food Stamp Agency (FSA) Model

The models are described in Table E-1.

As its name implied, the In-Person Registration model required nonexempt work registrants to register for work at the SESA as a condition of certification for food stamp benefits. The In-Person Registration/Job Club model added to this requirement, subsequent participation in a Job Finding Club. Individuals first had to register for work at the SESA. They were subsequently called in for a job readiness interview and assignment to Job Club if they were work-ready. The other Initial Demonstration models followed existing work registration practices, which required registration of each nonexempt household member for work at the Food Stamp Agency. Each nonexempt member was then called in to the SESA (Job Club Model) or Food Stamp Agency (Food Stamp Agency Model) for job readiness assessment. Those identified as job ready were assigned to Job

Table E.1

Key Features and Location of Demonstration Models Implemented in the Initial DemonstrationModel

The In-Person Registration Model required all nonexempt work registrants in a food stamp household to work register in person at the State Employment Security Agency (SESA), and report evidence of registration to the Food Stamp Agency (FSA). This model was administered by the SESA.

Location

Cheyenne, WY
 Colorado Springs, CO
 Sarasota, FL
 Washington, DC

The Job Club Model provided for work registration at the Food Stamp Agency, as was the usual practice. Nonexempt registrants were then called in by the SESA for assessment, with job-ready registrants assigned to a two- or three-week group job search assistance program. These programs, called Job Clubs, assisted participants in an atmosphere of peer group support. Participants attending job clubs received instruction in how to look for a job, how to prepare resumes, and how to assess their job capacities and interests. Job club participants were then expected to contact large numbers of employers. The Job Club Model was administered by the SESA.

Tucson, AZ
 Albuquerque, NM
 Detroit, MI

The In-Person Registration/Job Club Model combined in-person work registration at the SESA with the job club. It was administered by the SESA.

Austin, TX

The Food Stamp Agency Model involved completing all work registration and job search requirements at the FSA. Nonexempt individuals registered for work at the FSA. Registrants were then called in to an Employment Unit established within the FSA for assessment and job search assignment. Job-ready registrants were required to make up to 24 job contacts in an 8-week period with periodic reporting of search activities to the unit. This model was administered entirely by the FSA.

Schenectady, NY
 Niagara County, NY
 Toledo, OH

Club (Job Club Model) or to make a specified number of job contacts (Food Stamp Agency Model). The SESA and Food Stamp Agency thus shared responsibility for administration of all models except the Food Stamp Agency Model.

FNS designed the Initial Demonstration period to last for 18 months, from October 1981 to March 1983. The first six months were devoted to starting up and refining demonstration operations and data collection procedures. The formal implementation and evaluation of the demonstration was conducted during the remaining twelve months. Over 31,000 food stamp recipients took part in the Initial Demonstration.

The Expanded Demonstration was conducted at seven sites. Four models were tested, all administered by the FSA. Only one model was operated at each site. The models were:

- o The Applicant Search Model
- o The Job Club Model
- o The Group Job Search Assistance Model
- o The Job Club/Workfare Model

Table E-2 summarizes the Expanded Demonstration models.

The Expanded Demonstration operated between October 1983 and June 1984. Over 13,000 food stamp recipients participated in the Expanded Demonstration.

The Expanded Demonstration Models built on those used in the Initial Demonstration. The Applicant Search Model took the In-Person Registration Model one step further, requiring job search as a condition of benefit certification. The Job Club Model required participation in a structured Job Club, while the group Job Search Assistance Model offered a much less structured variant to participate in group job search instruction sessions

Table E.2

Key Features and Location of Demonstration Models Implemented In the Expanded Demonstration
(All models administered by FSA)

| <u>Model</u> | <u>Location</u> |
|---|---|
| <u>The Applicant Search Model</u> required all applicants who were not exempt from work registration to complete a specified number of job contacts as a prerequisite of certification for food stamps by the Income Maintenance Unit (IMU). Job contacts continued following certification, monitored by demonstration Employment Unit (EU). | Nassau County, NY Fresno County, CA |
| <u>The Job Club Model</u> required the demonstration Employment Unit to assign all work registrants assessed as job-ready to a two, three or four-week job club. Job-ready registrants in Pensacola were required to complete six job contacts in a two-week period prior to assignment to job club. (Pensacola contracted with local SESA to serve as the EU.) | Portland, Lewiston, and Augusta, ME Pensacola, FL Portsmouth, VA |
| <u>The Group Job Search Assistance Model</u> involved a two-day Employability Skills Training (EST) workshop (sub-contracted to the Department of Manpower Development), which was followed by an eight-week job search requirement with bi-weekly group monitoring meetings. | Clark and Madison Counties, KY |
| <u>The Job Club/Workfare Model</u> combined a three-week job club for job-ready registrants which, for registrants who did not find a job, was followed by assignment to Workfare. | San Diego County, CA |

and/or attend group search monitoring sessions. Finally, the Job Club/Workfare Model was the most stringent, requiring the registrant to work off his or her grant at a minimum-wage workfare job if participation in a job club did not result in employment. In contrast to three of the four Initial Demonstration models, all of the Expanded Demonstration models were administered by the Food Stamp Agency.

The Evaluation of the Demonstration

FNS contracted with Brandeis University and its principal subcontractor, Abt Associates to evaluate the demonstration. Specifically, FNS was interested in obtaining answers to the following questions:

1. Was it possible to administer each model reasonably close to its planned design?
2. How successful was each model in inducing higher employment and/or earnings among registrants?
3. How successful was each model in reducing food stamp benefits and thus producing taxpayer savings? Did the savings result from higher client earnings or from terminations of noncompliant clients?
4. Did the benefits from any model exceed its costs? Which offered the highest benefit per dollar spent?

The evaluation contractor, with assistance from FNS, ETA and an Advisory Panel of experts, developed an evaluation plan to address the questions. A key feature of the evaluation was the random assignment of food stamp work registrants to experimental and control groups. The random assignment made possible unbiased comparisons between those registrants receiving the experimental treatment and the control group which faced no work requirements. The evaluation contractor collected data by conducting interviews with a sample of work registrants, by obtaining information on

agency activities under the demonstration, and by assembling Food Stamp Agency and SESA administrative records.

How Successfully Were the Models Implemented?

One criticism that had been made of earlier work registration and job search requirements was that many registrants faced little or no actual treatment. Early studies of the food stamp work registration and job search requirement found that many registrants did not have even a first contact with the SESA. For example, a study based on client interviews in three food stamp offices found that the proportion of registrants never called in to the SESA ranged from 30 percent at one site to 65 percent at the other extreme. The demonstration evaluation therefore included a process analysis to observe the implementation of each model and to measure the extent of actual treatments received by the clients.

In general, the demonstration models not only established initial contact with registrants, but carried out prescribed treatments at rates greater than had been observed in previous research.

- o Assessing the job-readiness of registrants was the first step in the job search procedures. The assessment interview was to determine whether a treatment group registrant was job-ready or not subject to the search requirements. Although the proportions varied by model and site, either registrants appeared for an assessment interview or they were found noncompliant. Nor was there evidence that agency staff failed to classify registrants as job ready. In 17 of the 18 sites, the majority of those assessed were classified as job-ready. There was no evidence of systematic agency failure in establishing initial contact with registrants.
- o Job-ready registrants were required to fulfill job search requirements. Depending on the model, these included making and reporting job contacts, attending job clubs, and/or working at a Workfare job. In the Expanded Demonstration, about 90 percent of job-ready registrants were assigned to a specific treatment. In interviews with the registrants themselves, 60 percent of treatment group reported having been assigned to a specific treatment.

- o Registrants who did not comply with the job search requirements without good cause were to be sanctioned by terminating the food stamp benefits for 2 months in the Initial Demonstration and for 3 months at most sites in the Expanded Demonstration. Contrary to prior evidence that agencies rarely terminated clients for noncompliance, agencies generally followed up instances of noncompliance with a termination of benefits. Food Stamp Agency staff terminated about 23 percent of treatment group registrants.

While the demonstration sites carried out their prescribed treatments, there were important differences between models.

The In-Person Registration Model in the Initial Demonstration and the Applicant Job Search Model in the Expanded Demonstration had important administrative advantages. Both placed the initial compliance burden on registrants. Unless registrants registered for work at the State Employment Service Agency (under In-Person Registration) or made and reported job contacts (under Applicant Job Search), they were unable to obtain certification for food stamp benefits. In all other models, agencies had to take the initiative to call-in, meet with, assess, and assign the registrant to a specific job search treatment. Since this took place after the registrant's household was certified to receive benefits, there was less urgency from the registrant's standpoint to complete the requirement. Thus, the job contact requirement was imposed more quickly, enforced more readily, and with less cost under the In Person Registration and Applicant Job Search Models, in comparison to other models.

One striking aspect of the implementation of the In-Person Registration Model was that three of the four administering SESA agencies added a job contact requirement as a supplement to the basic in-person work registration treatment designed by FNS.

The models involving group activities imposed added administrative burdens. Agencies that administered the Job Club and Group Job Search

Assistance Models had to arrange sessions, assign registrants to the group sessions, and monitor attendance. In such models the number of job club slots had to match the flow of registrants. Some sites initially had long backlogs of registrants waiting for assignment to a job club. There were also sites where job club slots were underutilized because the number of registrants actually reporting turned out to be much less than planned. These problems could usually be corrected by increasing or decreasing the number of scheduled sessions or by assigning registrants to self-directed job search until job club openings became available. There were sites that managed the variability of registrants effectively, demonstrating that group activities are feasible, provided they are carefully administered.

The job clubs varied in structure, content, and duration. However, all included peer group support, instruction in job search techniques, role playing for interviews, and assisting participants to assess their job capacities and interests.

The Job Club/Workfare Model had to administer not only job clubs but also Workfare, a program whereby registrants were assigned to "work off" their grant in a minimum-wage public service job. Previous experience had revealed problems in creating sufficient Workfare sites to accommodate all registrants and in assigning registrants to the sites. The Job Club/Workfare Model was used only in San Diego in the Expanded Demonstration. San Diego had extensive prior experience in running a Workfare program and thus had no difficulty in implementing the demonstration model. The experience in San Diego shows that a Job Club/Workfare Model is feasible. However, a less experienced and less committed site could have faced difficulties in initiating this model.

One central issue in the demonstration was the feasibility and desirability of Food Stamp Agency administration of the job search requirement. This was tested in the FSA Model of the Initial Demonstration and in all of the models operated in the Expanded Demonstration. The results indicated that Food Stamp Agencies were able to carry out the job search requirements. Food Stamp Agency administration did not entirely eliminate the need for coordination, since the Food Stamp Agencies utilized separate Employment Units and Income Maintenance Units. Indeed, the coordination problems were essentially similar to those between the Food Stamp Agency and the State Employment Security Agency (SESA) in those models that involved the SESA. Either way, the coordination problem was manageable. When a SESA designated a special unit to deal with food stamp recipients, the job-related services were as good or better than those provided by Food Stamp Agencies. At the same time, Food Stamp Agencies with the responsibility to monitor job search or to develop job club positions were able to do so, in one site by subcontracting to local SESA.

All models provided for sanctions against registrants who did not comply with the job search requirements. As noted above, agencies operating demonstration models generally did terminate the food stamp benefits of noncompliant registrants as well as benefits to others in their households. Termination rates of treatment group members reached 23 per cent, levels that were 14 percentage points higher than members of the control group.

Overall, the demonstration showed that a variety of job search procedures are feasible and that the staff at local Food Stamp and State Employment Service Agencies are willing and able to carry out their

functions, including the termination of registrants who fail to comply with program rules.

Did the Models Induce Higher Employment and Earnings?

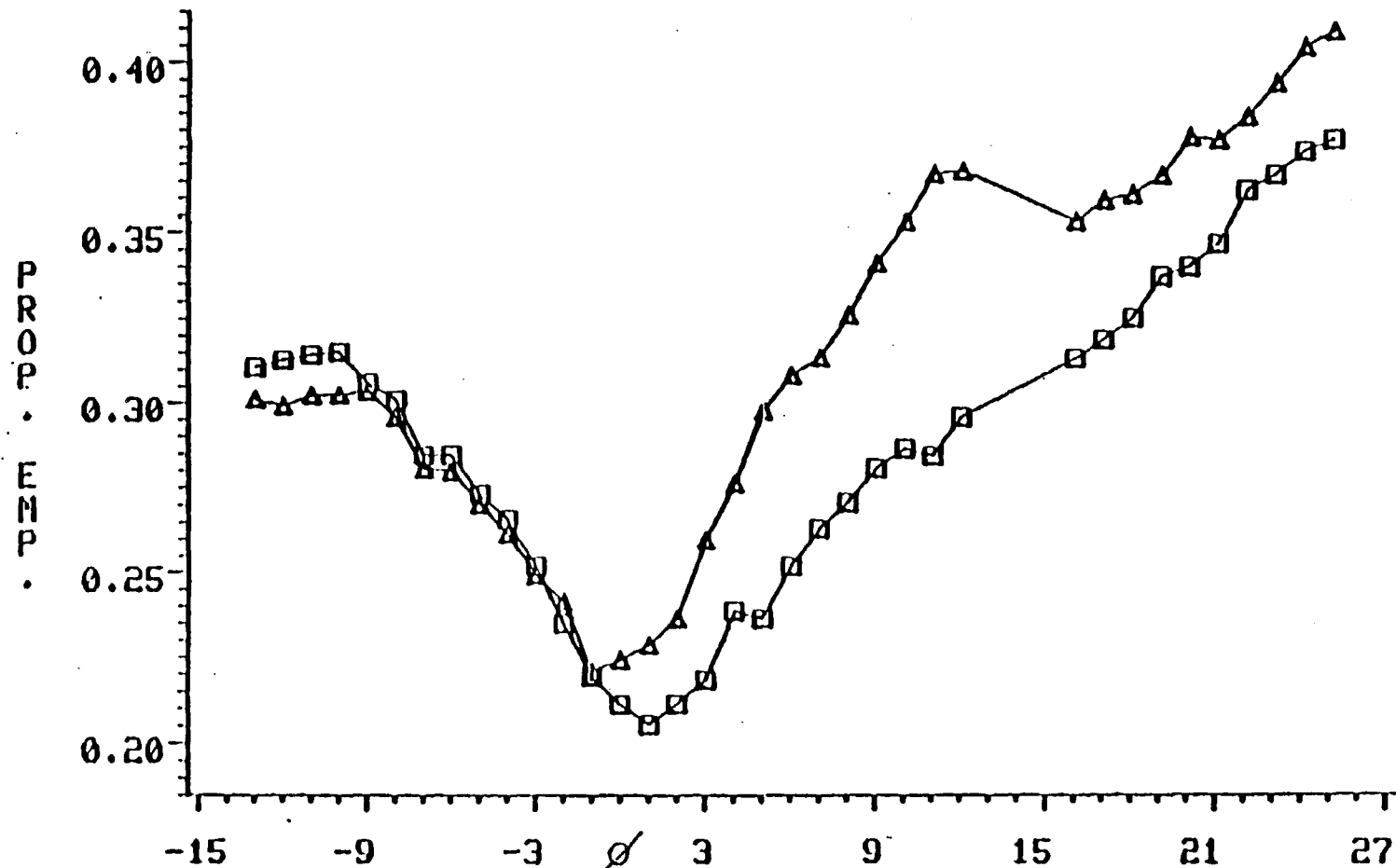
To evaluate the impact of the models on employment, earnings, and food stamp benefits, personal interviews were conducted with registrants at demonstration sites. The interviews were conducted three months and again at six months after application for food stamps. Registrants in both experimental and control groups were interviewed at each site. Impacts were estimated by comparing experimental group and control group outcomes, after applying statistical controls for differences in individual and site characteristics.

In general, the job search requirements increased the intensity with which registrants looked for jobs. Job contacts per week spent not employed rose by about 20 percent. More important, the job search treatments stimulated significant increases in employment and earnings. Generally, a U-shaped pattern characterized the employment trend among registrants over time. Figure 1 shows that the proportion of registrants employed fell to a low point around the date of application and rose gradually over the following months to the levels experienced in the months prior to application for food stamps. Registrants subject to the demonstration job search treatment became employed more quickly than did the control group, however.

The demonstration exerted positive effects on earnings that were significant and robust. Table E-3 presents the estimates of changes in earnings and transfer benefits induced by each demonstration treatment during the Initial and Expanded Demonstrations. (All the estimates are

Figure 1

PROPORTION EMPLOYED AS A FUNCTION OF WEEK



LEGEND: GROUP

□-□-□ Control

△-△-△ Treatment

WEEK 0 IS APPROXIMATE TIME OF FOOD STAMP APPLICATION
PROPORTIONS ARE BASED ON ALL RESPONDENTS

Table E.3: Changes in Earnings and Benefits
Induced by the Demonstrations, By Model

| | <u>Initial Stage by Model</u> | | | <u>Expanded Stage^a</u> | | | |
|-----------------------|--|---|---|---|---------------------------|---|---|
| | <u>Food Stamp</u> <u>Agency</u> <u>Model</u> | <u>Job</u> <u>Club</u> <u>Model</u> | <u>In-Person</u> <u>Registration</u> <u>Model</u> | <u>Applicant</u> <u>Job</u> <u>Search</u> | <u>Job</u> <u>Club</u> | <u>Group</u> <u>Job</u> <u>Search</u> | <u>Job</u> <u>Club/</u> <u>Workfare</u> |
| Earnings: | Effects on Treatment Group Relative to Control Group | | | | | | |
| 1st Quarter | | | | | | | |
| After Application | | | | | | | |
| Males | -\$24 | \$86 | -\$16 | - | - | - | - |
| Females | +70 | +14 | -10 | - | - | - | - |
| Total | +11 | +53 | -8 | +\$126 | +\$76 | -\$23 | +\$136 |
| Earnings: 2nd Quarter | | | | | | | |
| After Application | | | | | | | |
| Males | -19 | +9 | +224 | +120 | +229 | +78 | +284 |
| Females | +11 | +109 | +40 | +98 | -16 | +96 | +223 |
| Total | +6 | +59 | +113 | +117 | +29 | +54 | +208 |
| Food Stamp Benefits: | | | | | | | |
| 2nd Quarter | | | | | | | |
| After Application | | | | | | | |
| Males | -11 | -45 | -40 | -24 | +5 | -34 | -70 |
| Females | 0 | -40 | -70 | -18 | -28 | -33 | -60 |
| Total | -4 | -41 | -53 | -20 | -13 | -33 | -59 |
| Total Transfers | | | | | | | |
| 2nd Quarter | | | | | | | |
| After Application | | | | | | | |
| Males | -49 | -129 | -23 | -185 | +30 | -42 | -222 |
| Females | 25 | -52 | -151 | -96 | -56 | -61 | +12 |
| Total | -17 | -93 | -62 | -111 | -31 | -60 | -117 |

^aBecause of small differences in the specification of statistical models, the total effect was not always a weighted sum of the effects on males and on females.

Source: See Table 7.3.

based on analyses comparing treatment group outcomes with control group outcomes.) Earnings effects were generally larger during the Expanded Demonstration than during the Initial Demonstration. The average increase in earnings associated with treatment over all models in the Expanded Demonstration was \$202 per registrant. In contrast, the most effective models in the Initial Demonstration (In Person Registration) increased earnings only by \$105.

The larger impacts on earnings observed during the Expanded Demonstration may have resulted from differences in the nature of the economy. The Initial Demonstration took place during a deep recession in which unemployment rates reached nearly 11 percent. During the Expanded Demonstration, an economic boom was taking place that added three million jobs in six months. Job search requirements can raise earnings in either situation, but their impact is likely to be larger during an expansion, because both employment opportunities and employment stability are likely to be greater.

Differences in the effectiveness of sites and models may also explain the Expanded Demonstration's larger impacts. The Job Club/Workfare Model, which induced the largest impacts, operated only during the expanded stage. Its extremely large effects probably reflected not only the intensive nature of the model, but also the administrative skill and experience of San Diego, the only site implementing the model.

The gains resulting from the application of the Applicant Job Search and In-Person Registration Models were also higher than average. One explanation of the higher effects under Applicant Job Search Model is that it required that registrants make job contacts before certification for food stamp benefits while agencies implementing In-Person Registration

mandated that job contacts be made after certification. The Job Club Models induced effects that were similar in the two stages and about average within each stage.

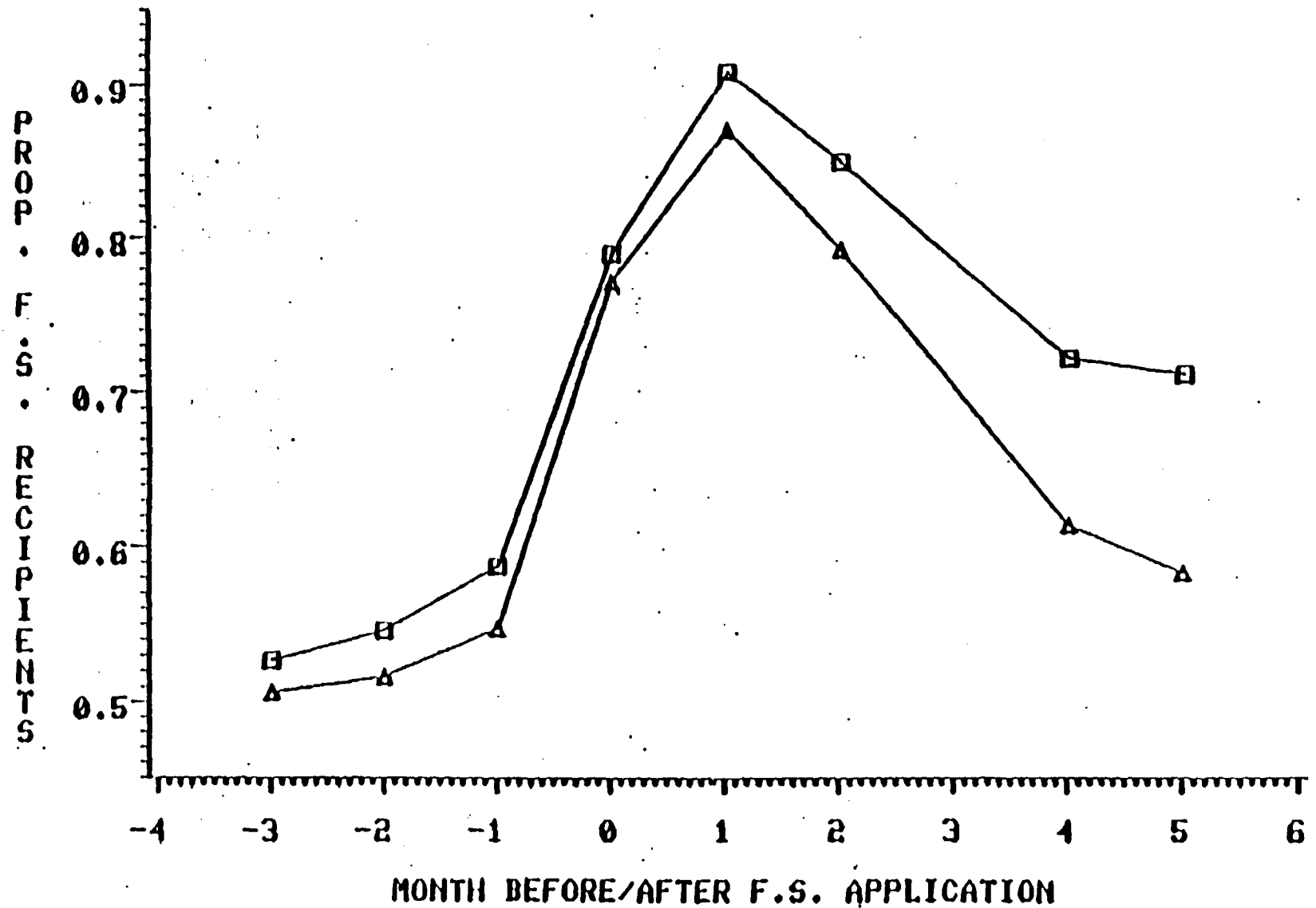
Did the Models Reduce Food Stamp Benefits and Other Transfer Payments?

These positive effects on earnings, combined with large increases in terminations for noncompliance, significantly lowered the proportion of registrants participating in the Food Stamp Program. Figure 2 shows that after the date of application, participation rates declined more sharply among the treatment group than among the control group. The job search treatments raised the proportion denied certification or terminated for noncompliance by about 14 percentage points. Food Stamp Program participation rates fell by slightly more, especially among women registrants. Thus, one can conclude that the program impacts reduced participation among many who would have remained on the food stamp rolls in the absence of the job search requirement.

All the models caused reductions in food stamp benefits and other transfer payments. The size of the reductions were large relative to average benefit levels. During the second quarter after application, the reduction in food stamp benefits for the average registrant assigned to the treatment group was about 15 percent of benefits received by the control group. The job search requirements induced slightly lower percentage reductions in total transfers, which included payments from Unemployment Insurance and public assistance. Of course, these average impacts were the combination of much larger reductions for some registrants and no reduction at all for others.

Figure 2.

PROP. F.S. RECIPIENTS AS A FUNCTION OF MONTH



LEGEND: GROUP ■■■ Control ▲▲▲ Treatment
MONTH 0 IS APPROXIMATE TIME OF FOOD STAMP APPLICATION

Although food stamp benefits and other transfer payments declined in response to the job search treatments, registrants, on average, experienced earnings gains that were substantially higher than these reductions. Thus, the savings in government outlays resulted from improved earnings as well as from applying sanctions against registrants who did not comply with search requirements. The evaluation did not attempt to allocate precisely how much of reductions in food stamp benefits was due to increased earnings and how much was due to increased sanctions for noncompliance.

Did Benefits From the Models Exceed the Costs?

Demonstration estimates of administrative costs per registrant ranged from \$25 to \$119. The variation resulted partly from the intensity of alternative job search procedures and partly from differences in the match between an office's capacity and the actual flow of registrants. High per registrant costs were often the result of staff underutilization in offices with unexpectedly low client flow. The Applicant Job Search and In-Person Registration Models were unequivocally the lowest cost approaches, averaging about \$36-47 per registrant. The costs of Job Clubs and Group Job Search Assistance exhibited a wider range, partly because of differences in the ability of sites to align their staffing levels with the flow of registrants. For example, in Kentucky's Group Job Search Assistance Model actual demonstration outlays divided by the number of registrants reached \$100. However, had Kentucky been able to avoid its excess capacity, its cost would have been only \$25 per registrant.

One can examine costs and benefits from several perspectives. From the taxpayer's point of view, the costs are what the government spends administering the requirements and the benefits are what the government

saves in reduced payments and administrative costs. From the recipient's point of view, benefits are largely the increased earnings, while the costs represent the lost payments from food stamps and other transfer programs. From a social perspective, the costs are the goods and services consumed in administering the requirements while the benefits are the added goods and services produced as a result of the requirements.

In general, the benefits of the work registration and job search requirement exceeded the costs from all three perspectives. Table E-4 shows how the outcomes varied by model. Taxpayers gained from all models except for the Food Stamp Agency Model conducted during the Initial Demonstration. Social benefits exceeded social costs in all models except the Food Stamp Agency Model in the Initial Demonstration. In other words, the resources used in administering the work registration and job search requirements were generally less than the resource gains resulting from the positive effects on the employment and earnings of registrants. Among recipients, earnings increased on average by more than the loss in transfer payments in four of the seven models. Net gains to recipients were by far the highest for the Job Club/Workfare Model. Net benefits to recipients were also substantial in the In-Person Registration Model, the Applicant Job Search Model, and the Job Club Model in the Expanded Demonstration.

The models producing the most favorable outcomes were In-Person Registration, Applicant Job Search, and Job Club/Workfare. Given San Diego's extensive experience with Workfare, coupled with its high priority on rigorous implementation of job search and work requirements, the success of the Job Club/Workfare Model might be attributed to factors specific to San Diego as well as to the attributes of the model. In contrast, the In-Person Registration and Applicant Job Search Models worked effectively

Table E-4: Benefits and Costs By Model For the Expanded and Initial Work Registration and Job Search Demonstration Project

| Benefits and Costs | <u>Initial Demonstration</u> | | | <u>Expanded Demonstration</u> | | | |
|--------------------|------------------------------|----------|------------------------|-------------------------------|----------|------------------|-------------------|
| | Food Stamp Agency | Job Club | In-Person Registration | Applicant Job Search | Job Club | Group Job Search | Job Club/Workfare |
| <u>Taxpayers:</u> | | | | | | | |
| Benefits | \$27 | \$153 | \$109 | \$258 | \$75 | \$127 | \$289 |
| Costs | 75 | 119 | 47 | 36 | 60 | 25 | 80 |
| Net Benefits | -48 | 34 | 62 | 222 | 15 | 102 | 209 |
| <u>Recipients:</u> | | | | | | | |
| Benefits | 20 | 142 | 161 | 358 | 135 | 73 | 551 |
| Costs | 27 | 153 | 109 | 258 | 75 | 127 | 289 |
| Net Benefits | -7 | -11 | 52 | 100 | 60 | -54 | 262 |
| <u>Social:</u> | | | | | | | |
| Benefits | 20 | 142 | 161 | 358 | 135 | 73 | 551 |
| Costs | 75 | 119 | 47 | 36 | 60 | 25 | 80 |
| Net Benefits | -55 | 22 | 114 | 322 | 75 | 48 | 471 |

Note: The benefits cover the period from application to nine months after application. The estimates of third quarter benefits are one-half the benefits observed during the second quarter after application.

Source: See Table 7.2 for costs and benefits in expanded stage. The initial stage costs come from Table 6.3 in the Interim Report. The benefits of the initial stage models were calculated from the earnings and total transfer impacts reported in Table 7.3.

in a wide range of sites. No other model yielded results that were as consistently positive. Thus, net gains from work registration and job search requirements are likely to be most consistent when agencies implement these two types of models.

Taken as a whole, the demonstration results imply that several types of job search and work registration requirements can be implemented effectively in a variety of circumstances. Contrary to the conventional view of policy analysts, agency staff are indeed willing to conduct assessment interviews, provide job search assistance, and sanction those who fail to comply. Based on the evidence from this demonstration, the costs of the requirements are generally less than the benefits, both for taxpayers and recipients.

Glossary of Acronyms Used in Report

| | |
|------|---|
| AFDC | Aid to Families with Dependent Children |
| ETA | Employment and Training Administration |
| EU | Employment Unit - unit of the Food Stamp Agency responsible for job search requirement |
| FNS | Food and Nutrition Service (U.S. Department of Agriculture) |
| FSA | Food Stamp Agency - local level office |
| FSP | Food Stamp Program |
| GA | General Assistance |
| GAO | Government Accounting Office |
| IMU | Income Maintenance Unit - unit of the Food Stamp Agency responsible for eligibility determination |
| NPA | Non-Public Assistance |
| OMB | Office of Management and Budget |
| OSA | On-site analyst - evaluation contractor personnel assigned to project sites approximately five days per month to record the implementation and operation of the delivery system |
| PA | Public Assistance |
| SESA | State Employment Security Agency |
| UI | Unemployment Insurance Program |
| WIN | Work Incentive Program |

Data Collection Instrument Acronyms

| | |
|------------|---|
| CPH | Client Participation History |
| ET | Exemption (Determination Tally) |
| JT | Job Ticket |
| MPR | Monthly Progress Report |
| NAR | Negative Action Review |
| RAL | Random Assignment Log |
| TPS or TPR | Treatment Participation Summary or Roster |
| UR | (Staff) Utilization Roster |

Agency Forms Frequently Referred To

| | |
|-----|--------------------------|
| NNC | Notice of Noncompliance |
| NAA | Notice of Adverse Action |

1.0 INTRODUCTION

The purpose of the Food Stamp Work Registration and Job Search Demonstration was to determine the effectiveness of alternative approaches to implementing the Food Stamp Program requirement that able-bodied food stamp recipients register and search for work. Because of the importance of the issue for policy and the uncertainty about operating cost-effective work registration and job search procedures, the Department of Agriculture and the Department of Labor developed specific alternative work requirements and undertook a multi-site demonstration project to test them.

The demonstration took place in two stages. The initial stage (called hereafter the Initial Demonstration) tested four approaches to work registration and job search requirements in eleven sites. It ran from October 1981 to March 1983. Three out of the four approaches involved participation by the U.S. Department of Labor (DOL) and State Employment Security Agencies (SESAs) in administering the requirements. During the demonstration, DOL withdrew from its administrative role. The Department of Agriculture became interested in its capacity to carry out work registration and job search requirements completely on its own. Although one of the initial approaches tested did involve administration solely by Food Stamp Agencies (FSAs), it was decided to test further the capacity of FSAs to administer the requirements on their own. The demonstration was expanded to a second stage (called hereafter the Expanded Demonstration) to test four additional approaches, all administered by FSAs, in seven additional sites. The Expanded Demonstration ran from October 1982 to June 1984.

Both stages of the demonstration employed an experimental design at each participating site, under which food stamp work registrants were randomly assigned either to a group subject to an experimental treatment (demonstration

requirements), or to a control group not subject to any work requirements. The evaluation of the demonstration focused on the net impacts of the experimental work registration and job search procedures on registrants' employment, earnings, and food stamp benefits. The evaluation also assessed the administrative feasibility and cost of operating each experimental work registration and job search procedure, or model.

This Final Report on the evaluation of the Food Stamp Work Registration and Job Search Demonstration presents major findings regarding the operation and impacts of the work registration and job search models. It presents the full results of the Expanded Demonstration together with comparisons with the Initial Demonstration.¹ This chapter begins with a review of the legislative and policy context of the demonstration, and summarizes evidence from prior research on the effectiveness of work registration and job search requirements.

1.1 The Policy Background and A Brief Description of Demonstration Treatments

The requirement that able-bodied recipients search for work and accept available jobs as a condition for receiving benefits has been a standard component of income transfer programs, including the Food Stamp Program. In 1971, soon after the Food Stamp Program (FSP) became a national program, the Congress mandated that certain adult recipients must register for work, report for job interviews, and accept suitable work as conditions for receiving

¹Full results on the Initial Demonstration appear in Food Stamp Work Registration and Job Search Demonstration: Report on Initial Demonstration Sites, June, 1985.

benefits.² This requirement covered all able-bodied adults, ages 18 to 65, except household members caring for dependent children under 18 or incapacitated adults, students enrolled at least half time in school or training programs, and persons working at least 30 hours per week. Nonexempt recipients had to comply with the requirements or face the penalty of having their entire household removed from the food stamp rolls.

The Food Stamp Act of 1977 tightened the work requirement in several ways. Those responsible for care of a dependent child were no longer exempted from the work registration requirement unless the child was under age 12; and suitable employment covered a wider range of jobs, so that individuals had to accept jobs outside their major field of experience. The Congress also expressed its interest in strengthening work requirements by mandating Workfare demonstration projects in which food stamp recipients performed work in exchange for benefits. Other provisions changed the work requirement, by exempting those aged 61 to 65 as well as those subject to work requirements in other benefit programs.

The Act specified that implementing regulations "...be patterned to the maximum extent practicable on the Work Incentive Program requirements set forth in Title IV of the Social Security Act..." Initial rules governing work registration under the 1977 Act specified that:

- Food Stamp Agencies were responsible for determining which household members were required to register for work, for completing registration processing, and for explaining the consequences of noncompliance with requirements.

²Registrants did not have to accept unsuitable work; under the initial rules, employment was unsuitable if wages were below the federal or state minimums, if union membership or nonmembership was a condition of employment, if the work was offered at the site of a strike or lockout, if the employment was not within a reasonable distance of the individual's residence, or if the employment was not within the individual's major field of experience (unless, after a reasonable period of time, such work was clearly unavailable).

- Work registrants were required to respond to requests from the State Employment Security Agency (SESA) regarding their employment status and availability for work. They were also required to report to the SESA upon reasonable request, to report to an employer if referred by the SESA, and to accept a bona fide offer of employment.
- Food Stamp Agencies were authorized to sanction entire households where individual work registrants were found noncompliant. The penalty for noncompliance was disqualification of the entire household from receiving food stamp benefits for a period of two months.

The Departments of Agriculture and Labor jointly developed the final regulations governing job search requirements and issued the rules on January 16, 1981. These regulations specified that:

- All work registrants were to receive an assessment at the SESA office, and assigned to one of three job readiness categories: Category I, if the registrants had no substantial barriers to employment; Category II, if the registrants had medical, language or other barriers to employment that were deemed temporary; or Category III, if the registrants lived in areas where commuting distances or other factors made job search impractical.
- Category I registrants were to be subject to an eight week job search period in which they were required to contact up to 24 prospective employers. Registrants had to report these contacts in written form twice to the SESA office during the search period.
- Category II registrants were reassessed after sixty days to determine whether their employment-limiting conditions had been corrected. Category III registrants were exempted from further search requirements.

These legislative and regulatory steps took place in the context of skepticism among policymakers about the effectiveness of work requirements and the willingness of agencies to implement them. Several studies, including one conducted in 1978 by the General Accounting Office (GAO), had indicated that work requirements in the Food Stamp Program and other welfare programs had been ineffective. At the same time, there was evidence suggesting that

some types of interventions, such as job-finding clubs, might actually increase employment of recipients.

Congressional interest in strengthening work requirements remained intense. The traditional requirements related primarily to job search, although benefit recipients were expected to accept suitable job offers. However, there was also interest in Workfare which would require work in an assigned job. Under Workfare, food stamp recipients would be required to perform work in return for receiving food stamps. The Food Stamp Act of 1977, in addition to strengthening the general work registration and job search requirements, directed the Secretary of Agriculture to undertake a Workfare demonstration project, which began in 1979. The Amendments to the Food Stamp Act of 1982 permitted Workfare as an optional program for states. Although the interest in Workfare was strong, it did not supplant traditional work registration and job search policy options.

In order to strengthen other approaches, the Office of Management and Budget (OMB) became interested in identifying which of the variety of methods for implementing work registration and job search might yield cost savings to the Food Stamp Program. OMB requested that the Food and Nutrition Service (FNS) of the Department of Agriculture and the Employment and Training Administration (ETA) of the Department of Labor jointly design and conduct a demonstration project to test alternative work registration and job search procedures. The goals of this demonstration were to examine:

- o the feasibility of implementing alternative procedures for work registration and job search;
- o the effectiveness of the various procedures in increasing employment and earnings of registrants and in reducing food stamp benefits paid;
- o the effectiveness of various procedures in deterring those who did not want to work from participating in the Food Stamp Program;

- o the costs of implementing the work registration and job search procedures and the relationship of costs to effectiveness; and
- o the capability of the Food Stamp Agencies to provide job-related services to food stamp recipients.

The Initial Demonstration tested four experimental approaches. Brandeis University, with its principal subcontractor, Abt Associates Inc., was selected to conduct a comprehensive evaluation of demonstration operations, impacts, and costs. Boone Young and Associates were also part of the evaluation team throughout the Initial Demonstration.

When the U.S. Department of Labor withdrew from its nationwide administration of work registration and job search requirements in the FSP, it transferred all administrative responsibility for the demonstration to the Department of Agriculture. However, participating SESAs remained involved in carrying out demonstration work registration and job search requirements.

The 1982 Food Stamp Act amendments removed the requirement that the Secretary of Agriculture issue work registration rules jointly with the Secretary of Labor and that the food stamp work rules follow those issued under the Work Incentive Program (WIN) for recipients of Aid to Families with Dependent Children (AFDC). The proposed regulations (issued on May 24, 1983) implementing the 1981 and 1982 amendments to the Food Stamp Act gave state FSAs full responsibility for operating the job search requirements, including the role of advising and monitoring work registrants in their job search. The proposed rules also called for changing the work registration, job search, and voluntary quit provisions. Among the important changes were these:

- o Work Registration Exemption. The proposed rule restricted the exemption for responsibility for the care of children to household members caring for a child under age six. The previous regulations exempted individuals responsible for the care of children under age 12.
- o 12-Month Reregistration for Employment. Under the proposed rule, households had to reregister for work 12 months after initial registration, as opposed to the six months mandated by the existing rule.
- o Applicant Job Search/Continuous Job Search. The proposed rule permitted State Agencies to require job search when registrants applied for food stamps. However, the rule stressed that proof of compliance with this requirement was not a condition of certification. The proposed rule mandated that State Agencies assign work registrants to perform job search activities every month instead of one eight-week search period. Under the rule, registrants were to contact up to 12 employers each month as determined by the State Agency, with the number of contacts allowed to vary from month to month if that would increase the probability that registrants would find employment.
- o 90 Day Sanction. The proposed rule lengthened the disqualification period for voluntary quit from 60 to 90 days and, in the interest of consistency, also proposed applying the same disqualification penalties to all components of the work registration requirements.

Table 1.1 summarizes the contrast between existing national work requirements and the proposed rule changes.

In response to the increase in their responsibilities for assisting and monitoring job search, the FNS added a second stage to the Work Registration and Job Search Demonstration to test additional FSA-administered approaches to enforcement of job search requirements. On August 11, 1982, as part of the Expanded Demonstration, FNS issued a Request for Proposal seeking FSAs interested in operating one of four demonstration approaches: 1) requiring a period of job search as a prerequisite for certification for food stamp benefits; 2) requiring participation by all job-ready registrants in a job club, or structured group search activity; 3) operation of existing

Table 1.1

Contrasts Between Existing¹ and Proposed² Food Stamp Work Registration and Job Search Requirements

| <u>Feature</u> | <u>Existing Requirement</u> | <u>Proposed Requirement</u> | <u>Change In Rule or Process</u> |
|-----------------------------|---|---|---|
| Work Registration Exemption | Exemptions granted for those required to care for children under age 12. | Exemption granted only for those with children under age 6. | Child care exemptions tightened. |
| Work registration period | Work registration required every 6 months. | Work registration required every 12 months. | Reregistration period lengthened to one year. |
| Job search requirements | Job-ready registrants required to make up to 24 contacts in 8 weeks, with in-person reporting to SESA. | Job-ready registrants could be subject to job search prior to certification. Additionally, job search would be carried out each month, with up to 12 contacts per month required. | "Applicant" job search was proposed, though not a precondition for certification. <u>Continuous</u> job search, as opposed to an <u>8-week search period</u> , was permitted. All reporting and monitoring of job contacts would be carried out by the <u>welfare or Food Stamp Agency</u> . Job search was no longer mandatory for the state agencies, although work registration still was. |
| Sanctions for noncompliance | 60-day sanction period for noncompliance. Noncompliance process initiated by SESA, which sent a Notice of Noncompliance to the Food Stamp Agency. The agency was then responsible for taking action against the registrant. | 90-day sanction period to be applied to voluntary quit and adopted for noncompliance as well. | Sanction period was lengthened by one month. The Food Stamp Agency also would bear full responsibility for noncompliance procedures, from initiation through resolution. |

Notes:

¹ Issued on January 16, 1981.² Issued on May 24, 1983.

job search requirements; and 4) the use of an agency's own innovative approach to job search requirements.

The FNS developed specific guidelines for these proposed approaches based on results from the ongoing demonstration effort. FNS then chose seven FSAs to operate the Expanded Demonstration. Brandeis University and Abt Associates Inc. continued as evaluators of the Expanded Demonstration. As in the case of the Initial Demonstration, the evaluation included an assessment of program operations, impacts, cost, and cost-effectiveness.

The Expanded Food Stamp Work Registration and Job Search Demonstration began on October 1, 1982. The demonstration planning phase, or Phase I, ran through December 1982. Between January and June 1983, the seven new sites gained experience and attempted to correct operating problems. This formative period, or Phase II of the demonstration, also acquainted sites with the evaluation contractor and the data collection requirements of the evaluation, and provided the contractor with the opportunity to revise data collection instruments to accommodate site-specific procedures.

The operational phase of the demonstration, or Phase III, took place between July 1, 1983 and June 30, 1984.³ While the seven agencies implemented their approaches to job search, the evaluation contractor collected data to assess the administrative feasibility, effectiveness, and cost of the demonstration approaches under experimental conditions. On-site analysts (OSAs) who were evaluation contractor staff residing in each site reported monthly on demonstration activities, aided in the collection and quality review of data on monthly agency operations, individual client experiences, exemptions from demonstration requirements, and noncompliance. Senior

³In Kentucky startup difficulties delayed the commencement of Phase III to October 1983. The Kentucky interview sample was drawn from those certified between October 1983 and January 1984.

staff of the evaluation contractor visited each site to observe specific components of the demonstration models. Interviewing firms, under the supervision of the evaluation contractor, conducted household interviews with a random sample of registrants three and six months after the registrants applied or were certified for benefits.

This Final Report gives the results of the evaluation of the implementation, impact, and cost of the Expanded Demonstration and each of the approaches to job search. It also compares the results with those of the Initial Demonstration at the original 11 sites. The following broad issues are investigated:

- o What happens when the Food Stamp Agencies require recipients to search for jobs in return for obtaining food stamp benefits?
- o How do the agencies implement the requirements?
- o What is the impact of the requirements on the intensity of job search, on employment of recipients, on the numbers leaving food stamp rolls, and on the amount of benefits paid?
- o What share of registrants are penalized for not complying with the requirements?
- o How much do the requirements cost to implement?

The next section reviews the results from the Initial Demonstration as well as other research and evaluation results on the effectiveness of job search requirements for recipients of income transfer programs.

1.2 Other Research on Work Registration and Job Search Programs

1.2.1 Results of Studies Through the Late 1970's

The policy of tying public welfare benefits to work on the part of able-bodied recipients dates back at least to the Elizabethan Poor Laws of the sixteenth century. In this country, the debate over the relationship between work and welfare and whether individuals should work as a condition of receiving benefits stimulated considerable research and evaluation as well as a few demonstration projects.

Several studies examined the operation of work requirements under the Work Incentive Program (WIN) component of the AFDC program, the Food Stamp Program, the General Assistance Program, and the Unemployment Insurance Program. Since SESA offices, in cooperation with State Agencies, had primary responsibility for monitoring job search activities under the WIN, Food Stamp, and General Assistance Programs, it was sometimes convenient to study work requirements of all three programs at one time.

Evans, Friedman and Hausman (1976) assessed the impact of work registration under the AFDC-Unemployed Parent and the Food Stamp Program on job finding by recipients. Their study of 1666 work registrants dealt with food stamp work registration requirements in three cities and with AFDC-UP WIN requirements in two cities. The authors reported that a large share of recipients ostensibly subject to job search requirements never came to the SESA for an employment interview, either because they were not called in or did not respond to the call-in. There was substantial variation across offices in the number of interviews. Overall, the researchers found no significant impact from work registration on employment or benefits. However, in San Diego, the site with the most rigorous implementation, some evidence did appear that registrants were induced to return to work.

Camil Associates (1979) examined the services provided to persons required to register under all programs administered by the SESAs. Using a sample that included 1000 food stamp registrants, the researchers found that food stamp registrants received few services, especially referrals to jobs. The primary reason was that SESA counselors viewed food stamp registrants as having a low probability of finding a job. Although many food stamp registrants did find jobs, most did so on their own. The researchers could not determine the net impact of the work requirement on employment or benefits.

The GAO (1978) looked at the food stamp work requirement by following 620 recipients subject to the requirements. Of the 620 recipients, 384 had not registered with the local SESA office. In 233 cases, the Food Stamp Agency either failed to have registrants fill out forms or did not send completed forms to the local SESA offices. Another 131 had completed forms, but the SESA had not distributed them to the appropriate local office. Only 24 of the 620 required to register received a job referral and only 3 were placed in jobs. Another indication of slack enforcement, the GAO report cited national data showing that less than one percent of food stamp households had been terminated for failure to comply with requirements.

The GAO concluded that personnel at all levels of the system viewed the requirements simply as administrative paperwork and not as a useful tool for reducing food stamp outlays or increasing recipients' employment. A second conclusion was that "...more recipients could have obtained employment through the work registration process if local food stamp and SESA offices had corrected some of their administrative problems" (General Accounting Office, 1978, p. 5). The GAO recommended that work registrants be promptly registered at the SESA and be evaluated promptly in face-to-face

interviews. In addition, the GAO mentioned the importance of follow-up and documentation of recipient non-responses, in part so that the FSA could terminate non-cooperative recipients. Other recommendations included the stationing of SESA personnel at the busier FSA offices and the need to improve the availability of data at all levels, particularly to identify local SESA offices that were not promptly referring food stamp work registrants to jobs.

Ineffective implementation was much of the story of two demonstration projects that tested efforts to increase the employment of AFDC recipients through job search and the provision of subsidized jobs or training. In the Minnesota Work Equity Project (Rodgers, 1980), AFDC recipients in the program were required not only to look for work, but also to accept a subsidized job or training position. The evaluation showed that many recipients never became involved in any of the job search or work components of the program—in large part because of resistance of staff at all levels. Similarly, in a study of the Work Experience Program for male heads of AFDC households in Massachusetts, Friedman et. al. (1980) reported administrative deficiencies in implementing stringent work requirements; ultimately, very few registrants were actually referred to a work experience site or were sanctioned for noncompliance.

These studies of work requirements revealed similar patterns of ineffective implementation, inadequate resources and effort at the local office level, ineffective monitoring of the many registrants who failed to keep scheduled appointments with program staff, and a slack attitude on the part of staff about follow-up and sanctioning for noncompliance. Only one of these studies employed an experimental approach and thus nearly

all had difficulty in estimating the impact of work tests as distinct from what would have happened in the absence of work tests.⁴

During the same period of the late 1970's, an alternative approach was developing that stressed intensive efforts to teach individuals how to look for work. Robert Wegmann (1979 and 1980) reviewed developments on providing such instruction through job clubs—a program where participants are taught how to look for jobs and stimulated to look for jobs in a group setting with the support of peers. Nathan Azrin (1978) had pioneered one such model for use with AFDC recipients in the WIN Program. In Azrin's approach, the job-finding process was decomposed into a sequence of behaviors involving social, motivational, informational, and skill factors in order to create an intensive, structured situation to facilitate learning through positive reinforcement and peer group support. The aims of the job-finding club were to modify the way recipients viewed their abilities and prospective jobs, to increase the knowledge of recipients about how to look for jobs, and to stimulate recipients to search intensively for jobs.

Tests of the job club approach were conducted between 1976 and 1978 in five sites operating WIN programs. Clients were randomly assigned to the job finding club or to control status, where controls obtained standard job search assistance under the WIN program. The results indicated that the job finding club raised employment rates substantially. Within six months after the treatment program, 62 percent of job club participants, but only 28 percent of controls, had found jobs. (This result was based on interview data with only 24 percent response rates.) Ninety-five percent of clients who attended all sessions—five sessions per week for seven

⁴The study of the Massachusetts Work Experience Program utilized an experimental design, but the primary treatment was workfare and not job search requirements.

weeks—obtained jobs. About half of the clients obtained jobs after five sessions. The costs of the job club, including WIN staff salaries, supplies and stipends, were \$87 per experimental participant and \$167 per placement.

The experience of other job club experiments reviewed by Elise Bruml (1981) indicated positive effects from self-directed job search, but at costs that exceeded those in the WIN study. A job club for unemployed workers in Carbondale, Illinois that was also operated and evaluated by Azrin cost \$200 per experimental participant. The Cambridge Job Factory, a job club for disadvantaged youth, cost much more, about \$715 per experimental participant (excluding stipends paid to youth participants).

1.2.2 Recent Research on AFDC Work Requirements

Efforts to stimulate job search were important elements of two recent projects involving AFDC recipients: the Employment Opportunity Pilot Projects (EOPP) [Mathematica, 1983] and the State Work/Welfare Initiative Demonstration (Manpower Demonstration Research Corporation [MDRC], 1984). The results of these studies shed light on changes that may have taken place by the early 1980's in the administration and impact of job search interventions.

Although the original focus of EOPP was on the impact of a last-resort employment program (including public jobs) for primary earners in low income families, the emphasis of the program was shifted toward the provision of job search assistance. The evaluation, renamed the Job Search Assistance Research Project, concentrated on the components aimed at stimulating self-directed job search. The evaluation covered the five sites operating the demonstration components as well as five comparison sites. As in earlier studies, the findings indicated low actual participation in job search; less than two-thirds of those who enrolled ever participated in the program.

In contrast to earlier results, however, those who did participate searched more intensively for employment and the program yielded some positive impacts on employment. Still, no discernible reduction occurred in welfare dependence.

The State Work/Welfare Initiative is an evaluation by MDRC of eight new state-operated programs designed to help welfare recipients enter the labor market and to reduce public assistance costs. The evaluation began in 1982, after passage of the 1981 Omnibus Budget Reconciliation Act (OBRA). Under OBRA, states were given the opportunity to develop their own approaches for imposing work requirements on welfare recipients. OBRA provided states with the authority to operate Community Work Experience Programs (CWEP) or "Workfare" programs, under which AFDC recipients are required to work in exchange for their benefits. The eight state programs evaluated by MDRC mandated that welfare recipients participate in an employment-related activity, usually job search or some form of unpaid work experience, but occasionally skills training, remedial education, or on-the-job training positions in the private sector.

MDRC recently released two early reports on the programs in California and Maryland. In contrast to past attempts to mandate work and other job-oriented activities for AFDC welfare recipients, these state-operated programs have achieved reasonably high participation levels, encountered few operational problems, and have found that most participants are satisfied with their assigned Workfare jobs. Results showing the program's impact on recipients are not yet available.

The EOPP and State Work/Welfare Initiatives raise questions about the conclusion drawn from earlier research that work requirements are generally not implemented rigorously. But, these two projects do not demonstrate

that work requirements can be cost-effective. Moreover, they do not document effective implementation of job search requirements under the Food Stamp Program. Both because of the high turnover among nonexempt food stamp registrants and because of the low benefits amounts in food stamps, the food stamp work requirement might operate differently than the similar requirements in the AFDC program.

1.2.3 The Design and Results of the Food Stamp Work
Registration and Job Search Initial Demonstration Project

The Food Stamp Work Registration and Job Search Initial Demonstration was designed to yield conclusive information on the feasibility and cost-effectiveness of alternative work registration and job search procedures. To assure that the demonstration yielded reliable evidence concerning the impact of job search requirements, the FNS decided to utilize an experimental design where a portion of food stamp registrants would be randomly assigned to a treatment group subject to specified job search rules or to a control group not subject to any work registration or job search requirements.

Four different treatment approaches or models were tested:

- The In-Person Registration (IPR) Model, which required that individuals register for work in person at the SESA as a condition of certification (or recertification) of the household for food stamp benefit receipt. No additional job search requirements were called for.
- The Job Club (JC) Model, which combined work registration at the FSA with the attendance at a job club.
- The In-Person Registration/Job Club (IPR/JC) Model, which combined in-person work registration at the SESA with mandatory attendance at a job club.
- The Food Stamp Agency (FSA) Model, which provided that all work registration and job search activities were carried out exclusively through the Food Stamp Agency.

The In-Person Registration Model (IPR) represented a response to the findings of the Camil Associates Report (1979). It concluded that work requirements broke down because the burden of having the recipient make direct contact with an employment counselor fell on the SESA's. Under the IPR model, each registrant had to register in person at the SESA and to bring documentation of the registration to the Food Stamp Agency before the household could be certified to receive benefits. Placing the burden on the registrant would either involve him or her quickly in the job-finding process or cause the potential registrant to lose benefits. In the case of new registrants, the Food Stamp Agency would not have to intervene at all to prevent those not complying with program rules to face benefit reductions. Until the registrants appeared at the SESA, the agency would simply avoid making benefit payments.

The Job Club Model (JC) responded to the hypothesis that an intensive job search assistance would help registrants obtain jobs and would impose rigor on the administration of job search requirements. Under this model, a nonexempt work registrant classified as job-ready would have to attend job club meetings or face the penalty of having his or her household lose food stamp benefits. Given the apparent success of this form of job search assistance with AFDC recipients, it seemed sensible to apply the approach to food stamp recipients.

The Food Stamp Agency Model (FSA) was a response to difficulties with the SESAs. Previous studies had concluded that SESA employment counselors attached a low priority to assisting and monitoring food stamp recipients because of the competing claims on their time from other programs. In addition, there was inadequate coordination between the SESA and Food Stamp Agency offices. Registrants at sites implementing this model would report

to job counselors at the FSA offices and would have to make a specified number of job contacts to comply with the job search requirements.

Sites participating in the demonstration generally implemented the job search requirements adequately. At the IPR sites, registrants did go to the SESA office before becoming certified; at JC sites, SESA offices set up job clubs and assigned registrants to them; at FSA sites, employment counselors required registrants to make job contacts. As the demonstration proceeded, the models tended to become less distinct. Some IPR sites applied the job contact requirements and some FSA sites used group sessions to teach job finding techniques.

The impacts of the demonstration treatments on the job search intensity, earnings, and food stamp benefits of registrants were strikingly large, especially in the IPR and JC sites. In all of the models, the percent of registrants sanctioned for noncompliance was significantly higher among the treatment than among the control group. Of every 100 registrants, the treatment raised the number sanctioned by about 10. The reductions in benefits associated with job search treatments in IPR and JC sites reached about \$50 per quarter for the average registrant, or about 20 percent of what benefits would have been in the absence of treatment.

The costs of carrying out the treatments varied by model from about \$47 per registrant at IPR sites and \$75 at FSA sites to \$119 at JC sites. Given these costs and the estimated benefit impacts, it turned out that only in IPR sites did the job search requirements save more in taxpayer dollars than they cost to implement.

Nevertheless, the rigorous implementation and the significant effects on earnings and benefits that took place even during a serious recession provided strong evidence that job search requirements might operate effectively

in the context of the Food Stamp Program. The somewhat positive results derived from the initial phase of the demonstration, coupled with the need for FNS to respond to the new administrative responsibilities imposed on FSA offices, offered a sound rationale for expanding the project. Thus, the demonstration was expanded to cover the impact and operations of job search requirements implemented at additional FSA offices in a favorable economic environment.

1.3 Plan of the Report

The remainder of this report is organized into six chapters and associated appendices (separately bound). Throughout the report, the Expanded Demonstration will be discussed and compared with the Initial Demonstration. Chapter 2 provides a brief overview of the demonstration models and the characteristics of participating sites. A discussion of the evaluation design and data collection appears in Chapter 3.

Chapter 4 examines the operation of demonstration models in each site, summarizing the operations, deviations from plans, and exemplary practices. This chapter also notes any changes made to the model during the operating period, and their impact on the evaluation or data collection.

Chapter 5 analyzes the impacts of demonstration models on participants' job search, employment and earnings, and on their receipt of food stamp benefits. The analysis draws on data from household surveys of recipients as well as agency records of benefits paid. Chapter 6 estimates the cost of operating the demonstration models, examines the reasons for variations in costs across sites, and projects the unit costs of operating the job search treatments as a permanent program.

Chapter 7 brings together estimates of costs and benefits of job search treatments under the Initial and Expanded Demonstration. This chapter analyzes impacts on taxpayers and on recipients of alternative models for implementing a job search requirement. Chapter 8 presents the major conclusions drawn from the administrative, impact, and cost components of the evaluation.

2.0 OVERVIEW OF THE DEMONSTRATION MODELS AND SITES

This chapter describes the work registration and job search procedures implemented in the models chosen to be part of the demonstration. To conduct the Expanded Demonstration, the FNS requested proposals from FSA's interested in operating one of four approaches: 1) an applicant search requirement as a prerequisite for certification for food stamp benefits; 2) a job club requirement for job ready registrants; 3) the existing job search requirements; 4) an innovative approach to job search requirements. FNS selected seven sites to operate demonstration models. While the model in each site was in some degree unique, basically four types of models were tested in the demonstration. Two types were direct applications of procedures referenced in the RFP:

- Applicant Job Search (Nassau County, New York and Fresno County, California). This model required applicants to complete a specified number of job contacts as a prerequisite of certification for food stamps. Once certified, recipients were to continue to comply with job search rules, including the requirement to contact additional employers and to report such contacts to the Food Stamp Agency.
- Job Club (Maine; Portsmouth, Virginia; and Pensacola, Florida). This model required that registrants participate in group job search activity, lasting two to three weeks, depending on the site. During the job club period, registrants were to look for employment as a full-time job. The first week typically included classroom-like training in resume development, procedures for contacting employers, and the development of self-confidence. The subsequent weeks were less structured and emphasized actual employer contacts and job search. In Maine and Portsmouth, the job club was the only requirement, but in Pensacola the job club was preceded by a job search requirement.

Two sites adopted innovative approaches:

- Group Job Search Assistance (Kentucky). This model required two days of Employability Skills Training followed by eight weeks of biweekly job search group sessions in which the group leader monitored the job search effort of each participant.
- Job Club/Workfare (San Diego County, California) This model required participation in a job club followed by a Workfare requirement in

which a registrant would be assigned to work in exchange for his/her food stamp benefit.

Table 2.1 presents key characteristics of the sites selected for the demonstration.

2.1 Description of Work Registration and Job Search Requirements at the Participating Sites

Figure 2.1 illustrates the client flow through the three models which involved group treatment (Job Club, Group Job Search Assistance, Job Club/Workfare). Although the actual job search requirement differed in these models, the pattern of client flow was essentially parallel. Indeed, the pattern of flow is the same as in the ongoing Food Stamp Work Registration and Job Search Requirement,¹ even though the job search requirements themselves differ. The flow differs somewhat in the Applicant Job Search Model which is illustrated separately in Figure 2.2. This section discusses the common features of the client flow and then describes the job search requirements by site.

2.1.1 Overall Patterns of Client Flow

With the exception of Pensacola, two separate units at each FSA site were responsible for carrying out the demonstration: the Income Maintenance Unit and a Demonstration Employment Unit. (In Pensacola the FSA contracted with the local SESA to serve as the Demonstration Employment Unit.) Line A of Figures 2.1 and 2.2 shows the intake functions which were administered by the Income Maintenance Unit. New applicants or applicants for recertification would apply at the Income Maintenance Unit. (Some sites

¹January 16, 1981 requirements.

Table 2.1
Characteristics of Demonstration Sites

| <u>Model and Site</u> | <u>Unemploy- ment Rate*</u> | <u>Percent of House- holds Under 125% of Low Income**</u> | <u>Population (Census Est.) of County (Thousands)</u> |
|--|---------------------------------|---|---|
| <u>Applicant Job Search Model</u> | | | |
| Nassau County, NY | 6.3% | 3.6 | 1,322 |
| Fresno, CA | 8.3 | 11.4 | 515 |
| <u>Job Club Model</u> | | | |
| Maine ^a | 6.3 | 10.1 | 102 |
| Portsmouth, VA | 4.9 | 15.8 | 105 |
| Pensacola, FL | 6.7 | 14.6 | 58 |
| <u>Group Job Search Assistance</u> | | | |
| Kentucky ^b | 9.1 | 22.5 | 67 |
| <u>Job Club/ Workfare Model</u> | | | |
| San Diego, CA | 7.0 | 8.4 | 1,862 |

^aIncludes only Lewiston and Portland; data were not available for Augusta

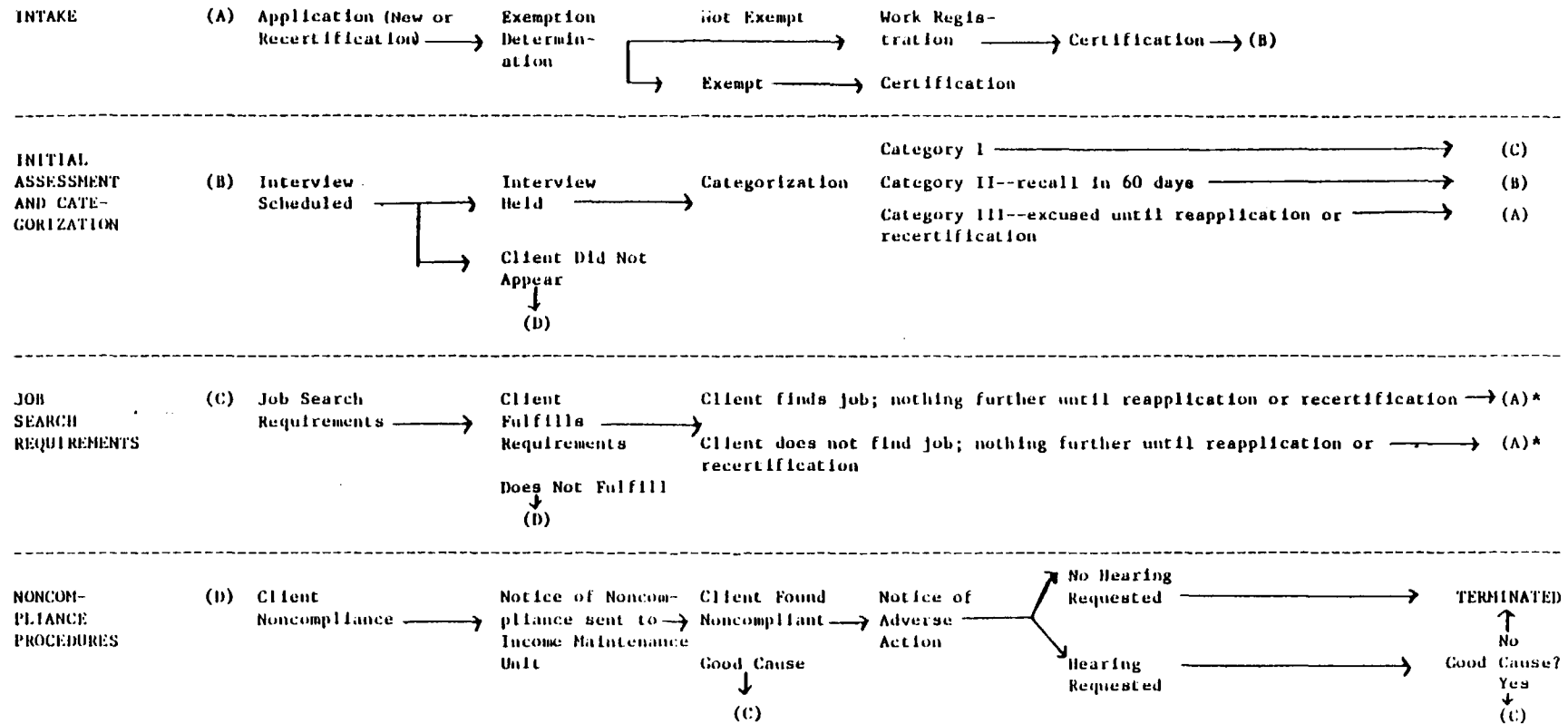
^bIncludes Madison and Clark Counties only

*Source: Bureau of Labor Statistics, September 1983

**Source: Bureau of Census County and City Data Book, 1983

Figure 2.1

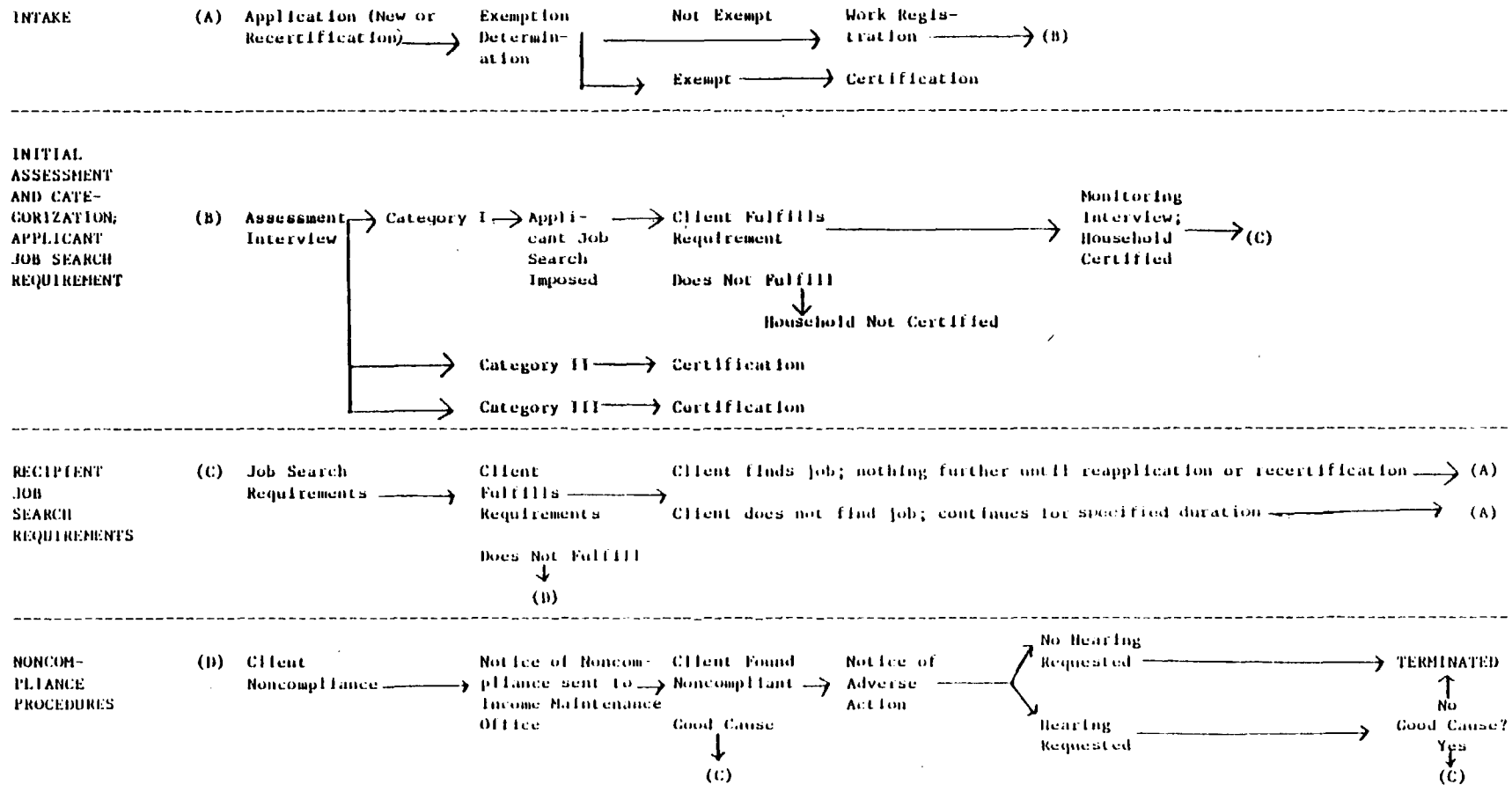
Client Flow Through Models With Group Activities



*In one site, Portsmouth, no further requirements were asked at recertification or reapplication.

Figure 2.2

Client Flow Through Applicant Job Search Model



had separate offices for the two kinds of applicants.) An Eligibility Worker would evaluate whether the applicant/household was eligible for food stamps, and, if so, whether any individuals in the household satisfied the criteria for exemption from work registration. Any individuals who were not exempt were registered for work. In the models with group activities (Figure 2.1), households were certified and the registration forms were sent over to the Demonstration Unit. In the Applicant Search Model, (Figure 2.2) registration forms were sent to the Demonstration Employment Unit prior to certification, since applicant job search was a requirement for certification.

Line B of both Figures shows the initial actions taken by the Demonstration Employment Unit after work registration forms were received. An initial assessment interview was scheduled. If a registrant failed to show up for two appointments without good cause, a Notice of Noncompliance was sent back to the Income Maintenance Unit to initiate the sanctioning process. For a registrant who did show up, the interviewer assessed his or her job readiness and categorized him or her as job ready (Category I), not ready because of job attachment or temporary barriers to employment (Category II), or not ready because of excessive commuting distance or other factors making search impractical (Category III). Those in Category I were to be assigned to the job search requirement specified for the model.

Job search requirements, specifically their timing and intensity, were the major features that distinguished the models. They are described separately below for each model and are summarized in Table 2.2. Figure 2.2 shows the special role of the applicant search requirement on Line B: it had to be completed before certification. Line C on both

Table 2.2

Actual Treatments at Demonstration Sites

| <u>Site</u> | <u>Applicant Treatment</u> | <u>Recipient Treatment</u> |
|--|---|--|
| Nassau County, New York | Job Search - 6 contacts in 2 weeks; new applicants only Certification dependent upon completion of requirement | Job Search - 24 contacts in 8 weeks; monitored in 4th and 8th weeks |
| Fresno County, California | Job Search - 20 contacts within 10 days; new appli- cants and recertifications Certification dependent upon completion of require- ments | Job Search - one contact/day as long as the registrant receives food stamps, monitored by in-person appointments at regular one-month intervals |
| Portland, Lewiston, Augusta, Maine ¹ | No treatment for applicants | Job Club - 3 weeks; includes supervised job search |
| Portsmouth, Virginia | No treatment for applicants | Job Club - 2 weeks includes supervised job search |
| Pensacola, Florida | No treatment for applicants | Job Search - 6 contacts in 2 weeks Job Club - 4 weeks includes supervised job search |
| San Diego County | No treatment for applicants | Job Club - 3 weeks Workfare - duration of certification |
| Clark and Madison Counties, Kentucky | No treatment for applicants | Employability Skills Training - 2 days Job Search - 24 contacts in 8 weeks with bi-weekly group meetings |

¹Bangor and Presque Isle also participated in the demonstration, however, due to low client flow they were not considered in the evaluation.

Figures 2.1 and 2.2 is reserved for the job search requirements that follow certification.

Continuing on Line C of both Figures, registrants could exit the demonstration in one of three ways: by finding employment; by fulfilling requirements without becoming employed; or by failing to comply, resulting in sanctioning. Finding employment was straightforward. For those who fulfilled requirements without finding a job, the demonstration rules did not require another period of job search unless the individual had experienced a break in service or was due to be recertified.

For registrants who failed to comply with any step of the requirements without good cause, the sanctioning procedure is shown on Line D of both Figures 2.1 and 2.2. The Demonstration Employment Unit would issue a Notice Of Noncompliance and send it to the Income Maintenance Unit which was then charged with issuing a Notice of Adverse Action to the registrant. The registrant could request a fair hearing. If the noncompliance was found to be with good cause, the registrant would continue in the program; otherwise his/her household's benefits would be terminated.

2.1.2 Job Search Requirements as Implemented in Each Site

2.1.2.1 Applicant Job Search Model Site

The New York State Department of Social Services operated the Applicant Job Search Model in Nassau County. The demonstration was implemented in the large Nassau County Food Stamp Office on Long Island. The applicant search required a minimum of six job contacts during a two week period for new applicants only. Completing these contacts was to be required for certification of the new applicants, but not for cases involving recertification. Once certified, recipients had to make 24 job contacts

over 8 weeks and to appear biweekly at the FSA office so that the office could monitor job search activities. The recipient search requirement applied to both new applicants and recertifications.

Fresno County also operated a combined applicant and recipient job search approach. In Fresno, new applicants and recertifications went through both applicant and recipient search. The applicant requirement consisted of two employer contacts per day for ten working days. The recipient search component originally called for two employer contacts per day for two weeks, but the requirement actually implemented was one contact per day for the duration of the certification period. Registrants were monitored monthly via in person visits to the Food Stamp Agency.

2.1.2.2 Job Club Model Sites

The job clubs offered in the demonstration all differed from the Azrin approach which focused on behavior modification. Nevertheless, the sites did include classroom training and practice in resume writing, job search and interview techniques. Most involved telephone banks and video equipment. Moreover, they encouraged peer support. Usually the first week was devoted to classroom training and the remaining weeks to supervised job search.

The State of Maine operated job clubs which lasted three weeks. The Maine proposal stated the philosophical position that skills upgrading was crucial and that client motivation would be a primary criterion for participation.

The Departments of Social Services of the City of Portsmouth and of the State of Virginia jointly operated a two-week club at two demonstration offices. Clients who did not find a job during their

initial job club participation would not be terminated, but would be encouraged to continue in subsequent sessions.

The Pensacola model involved a combination of individual job search and job clubs. In this model, job-ready registrants were to be required to complete six job contacts in a two week period. If they completed this requirement without finding a job, they were assigned to participate in a job club. The job club sessions lasted four weeks—the first for classroom training, the second for a week-long telephone job search, and the final two weeks for independent job search during which participants would be required to make 12 contacts per week and attend weekly monitoring visits. If a job club opening was not available, the registrant could be reassigned to two more weeks of search. Pensacola originally planned an applicant job search requirement as well, but it was never implemented.

2.1.2.3 Group Job Search Assistance Model

The Kentucky model described two major activities for demonstration participants. The first activity which involved two days of Employability Skills Training was intended to give job-ready clients classroom instruction in job-seeking skills. The second activity was a job search period consisting of 24 contacts in 8 weeks. During the job search, participants were to meet every two weeks for group assessment and evaluation. This component was essentially group-monitored job search although the Kentucky site referred to this component as its job club.

2.1.2.4 Job Club/Workfare Model

The San Diego proposal called for a combination of job club and Workfare. Clients categorized as job-ready were required to participate

a three-week job club. Workfare was to be required for registrants completing the job club who did not find a job. In addition registrants in Categories II and III were to be assigned directly to Workfare. Workfare is an activity in which clients are assigned to public or private, non-profit work sites to work off the amount of their monthly food stamp benefit. San Diego had substantial experience in developing Workfare sites for other programs, including Food Stamp and AFDC Workfare demonstrations.

2.2 How Did the Expanded Demonstration Models Differ from Those Implemented in the Initial Demonstration?

First, and perhaps most important, the Expanded Demonstration models were designed to be administered entirely within the Food Stamp Agency. The models did not presume participation by the State Employment Security Agency (as did most of the Initial Demonstration models), although sites were not precluded from contracting with the SESA to deliver specific services. This meant that FSAs would, of necessity, have to establish a unit to oversee provisions of job search assistance and job search monitoring.

Second, the Expanded Demonstration chose to test only variations on job search requirements rather than work registration and search requirements as in the Initial Demonstration. On one hand, this made differences in impacts easier to interpret, as fewer components of the model were being varied. At the same time, FNS allowed sites some discretion in designing the content of each treatment so that, for example, job club model sites had leeway to influence the length and duration of the search activity.

Third, the models differed in regard to the economic climate in which they were implemented. As stressed in other chapters in this report, the Expanded Demonstration operated during a period of economic recovery while the Initial Demonstration operated during one of the worst recessions that

this country has experienced. (This fact doubtlessly affected the ability of SESAs to carry out their assigned mission.)

Despite these differences, there were parallels between demonstration models. For example, the applicant job search model resembled the Initial Demonstration's In-Person Registration model in several respects: it required an activity to be performed by the registrant (in this case, search as opposed to work registration) prior to certification for benefits, and it maximized the responsibility of the applicant registrant for initiating and carrying out the required activity. Like the IPR model in the Initial Demonstration, the Applicant Search Model was anticipated to be the least costly to implement.

The Job Club Model was also a carryover from the Initial Demonstration, with FNS preferring to allow sites some latitude in implementing their versions of the approach as opposed to mandating a specific sequence of activities. Even the Kentucky and San Diego models included variants on the job club as part of their requirements. Table 2.3 summarizes the key features of the models and the location of the models that were implemented in the Initial and the Expanded Demonstration.

Table 2.3

Key Features and Location of Demonstration Models Implemented in the Initial and Expanded DemonstrationINITIAL DEMONSTRATION MODELS

| <u>Model</u> | <u>Location</u> |
|---|--|
| The <u>In-Person Registration Model</u> required all nonexempt work registrants in a food stamp household to work register <u>in person</u> at the State Employment Security Agency (SESA), and report evidence of registration to the Food Stamp Agency (FSA). This model was administered by the SESA. | Cheyenne, WY Colorado Springs, CO Sarasota, FL Washington, DC |
| The <u>Job Club Model</u> provided for work registration at the Food Stamp Agency, as was the usual practice. Nonexempt registrants were then called in by the SESA for assessment, with job-ready registrants assigned to a two- or three-week job club. The Job Club Model was administered by the SESA. | Tucson, AZ Albuquerque, NM Detroit, MI |
| The <u>In-Person Registration/Job Club Model</u> combined in-person work registration at the SESA with the job club. It was administered by the SESA. | Austin, TX |
| The <u>Food Stamp Agency Model</u> involved existing work registration procedures completed at the FSA. Nonexempt individuals were then called in to an employment unit within the FSA for assessment. Job-ready registrants were required to make up to 24 job contacts in an 8-week period with periodic reporting of search activities to the unit. This model was administered entirely by the FSA. | Schenectady, NY Niagara County, NY Toledo, OH |

EXPANDED DEMONSTRATION MODELS
(All models administered by FSA)

| <u>Model</u> | <u>Location</u> |
|--|---|
| The <u>Applicant Search Model</u> required all applicants who were not exempt from work registration to complete a specified number of job contacts as a prerequisite of certification for food stamps by the Income Maintenance Unit (IMU). Job contacts continued following certification, monitored by demonstration Employment Unit (EU). | Nassau County, NY Fresno County, CA |
| The <u>Job Club Model</u> required the demonstration EU to assign all work registrants assessed as job-ready to a two, three or four-week job club. Job-ready registrants in Pensacola were required to complete six job contacts in a two-week period prior to assignment to job club. (Pensacola contracted with local SESA to serve as the EU.) | Portland, Lewiston, and Augusta, ME Pensacola, FL Portsmouth, VA |
| The <u>Group Job Search Assistance Model</u> involved a two-day Employability Skills Training (EST) workshop (sub-contracted to the Department of Manpower Development), which was followed by an eight-week job search requirement with bi-weekly group monitoring meetings. | Clark and Madison Counties, KY |
| The <u>Job Club/Workfare Model</u> combined a three-week job club for job-ready registrants which, for registrants who did not find a job, was followed by assignment to Workfare. | San Diego County, CA |

3.0 AN OVERVIEW OF THE EVALUATION DESIGN AND DATA COLLECTION

3.1 Objectives of the Demonstration Evaluation

The evaluation of the Food Stamp Work Registration and Job Search Demonstration combined data from agency records, on-site observation, and interviews with registrants randomly assigned to treatment and control groups. The evaluation procedures in the Expanded Demonstration were generally similar to those in the Initial Demonstration. However, the prior experience with the Initial Demonstration led to several improvements in evaluation procedures for the Expanded Demonstration. This chapter will describe the procedures for the Expanded Demonstration and indicate differences from those used in the Initial Demonstration.

The evaluation addressed the following objectives:

- o to provide an assessment of how each site implemented its demonstration model;
- o to determine the effectiveness of each demonstration model in increasing the employment of work registrants and in decreasing their participation in the Food Stamp Program;
- o to measure the cost of administering the model in each site;
- o to evaluate the cost-effectiveness of each demonstration model by comparing benefits (as measured by increases in registrants' earnings and reductions in benefits paid) with administrative costs.

To ensure that each evaluation objective was achieved, the design for the evaluation included the following component activities:

- o a formative analysis of the implementation of the demonstration model at each site.
- o a process analysis of the administrative procedures used at each site, their effect on assignment of registrants to job readiness categories, the conduct of job search requirements and/or job clubs, and the carrying out of sanctioning procedures.
- o an impact analysis, measuring the effect of each job search treatment on the employment, earnings, and food stamp benefits of registrants, in comparison with the experience of control group members.

- o a cost analysis, measuring administrative costs at each site.
- o a cost-benefit analysis, comparing benefits and costs at each site and then across sites to determine which approach yields the greatest benefit per dollar spent.

This chapter describes each of these aspects of the evaluation design, including the research issues guiding each component of the analysis. It then discusses the data that were collected to answer the research questions.

3.2 Components of the Evaluation

The evaluation was carried out in four phases. Phase I, from October 1982 through December 1982 was a planning phase. The evaluation contractor reviewed the proposals from the sites participating in the demonstration, developed data collection instruments, and planned evaluation procedures. FNS also conducted training for new staff during this phase. In Phase II, January-June 1983, the formative analysis was conducted as sites began operating their demonstration models. The formative analysis was intended to identify and correct flaws in implementing these models. During Phase II, FNS and the evaluation contractor conducted training for additional site staff. The evaluation contractor also brought field on-site analysts (OSAs) to the Cambridge area for a three-day training session. FNS staff from the national and regional offices took part in the training. Phase III, July 1983-June 1984, was the operational phase in which the data collection for the process, impact, and cost analysis took place. The analysis of the data was completed in Phase IV (July 1984-December 1984).

3.2.1 The Planning Phase

In addition to the tasks noted above, during Phase I the contractor prepared the Analysis Plan for the seven sites. This document provided a

detailed plan for the conduct of the evaluation activities that guided the development of data collection forms, data base design, and the sequence of evaluation activities. The contractor also prepared an Operations Manual which constituted a simple reference document for all aspects of the evaluation except the administration of the client surveys. A new OMB package was also prepared and submitted. Finally, the contractor started to recruit and to hire On-Site-Analysts during this early phase.

3.2.2 The Formative Analysis

Phase II was devoted to the formative analysis of the demonstration. It was intended to be a six-month period during which each demonstration site would gain experience in operating its particular model. The purpose of the formative phase was to identify and correct flaws in the models, and to make improvements if warranted, before model impacts were formally evaluated. The selection of the study sample for the impact analysis began only after the formative phase was completed. To carry out the formative analysis, the evaluation contractor observed the models, clarified evaluation data issues at the site, and provided immediate feedback to FNS. Data collection instruments and procedures were also finalized during this phase.

As part of the formative analysis, the evaluation contractor submitted periodic updates on program operations to FNS, identifying problems and recommending improvements. The problems identified were the kinds of seemingly small issues that could have made a big difference in the validity of the results of the evaluation. Among these issues were the following:

- The contractor reviewed the implementation of the random assignment process and identified and corrected inaccuracies in assignment procedures. In addition to correcting errors, sites were instructed to include registrants with short certifications in the demonstration and to include them in the random assignment process. Also, the evaluation contractor decided to collect some additional information

at the time of random assignment to aid in the examination of differential attrition patterns. This included whether the household received General Assistance and the full case name used by the Food Stamp Agency.

- Numerous irregularities were identified in the job-readiness categorization process. Some sites were systematically assigning registrants to incorrect categories. FNS notified sites about correct definitions of categories and moved to produce uniformity across sites.
- Data collection instruments were tested and modified to accommodate sites' recordkeeping and reporting, and to eliminate potential confusion on the part of survey respondents.

3.2.3 Process Analysis

The focus of the process analysis was on understanding how the models were implemented. This meant observing in great detail how each site carried out the procedures planned for its model. The process analysis served several purposes. First, previous studies of work registration and job search requirements had often found incomplete or inadequate implementation of the requirements. The process analysis addressed the question of whether Food Stamp Agencies would carry out the requirements more completely than in previous studies. A related question addressed by the process analysis was how close the agencies' administration of the job search requirements were to their planned procedures or model. If there were deviations from the plan, what were they? Third, the process analysis developed information on actual treatments that was necessary for interpreting the results of the impact analysis. The estimates of demonstration impacts were based on comparisons between an experimental group and a control group. Yet, understanding the meaning of any observed difference required knowing how many members of the treatment group actually became involved in a treatment and what treatments they received.

The methods for developing information used to study the implementation of the models were the same during both the formative analysis of Phase II and the process analysis of Phase III. In the Initial Demonstration, the evaluation contractor obtained data from the Food Stamp Agencies on the numbers of registrants passing through each stage of the treatment process.

Unfortunately, these data were generally insufficient to identify whether a fall-off in numbers from one stage to the next was a result of administrative failure or of a legitimate reason. The process analysis of the Expanded Demonstration improved upon this by keeping a detailed record of what happened at each stage, particularly to registrants who did not go on to complete the treatment. These added data permitted much better identification of cases of administrative failure. In addition to gathering quantitative data, the evaluation contractor employed on-site analysts (OSAs) to observe the delivery of program services and the management of the local offices and to monitor the quality of evaluation data. The reports from OSAs added a qualitative dimension to the process study.

3.2.4 The Impact Analysis

The focus of the impact analysis was on whether the imposition of job search treatments increased the employment and earnings of registrants and/or reduced their food stamp benefits. Relying mostly on data from household interviews taken three and six months after individuals applied for food stamps, the evaluation contractor produced estimates of the effects on job search intensity, employment, earnings, having one's application denied or benefits terminated for failure to comply with program rules, participation in the Food Stamp Program, food stamp benefits paid, and total family income.

The use of random assignment within sites helped enormously in the task of isolating treatment effects from other factors influencing outcomes. Without information on the patterns of a control group drawn from the same pool as those subject to the job search requirements, it would have been extremely difficult to derive unbiased estimates of what would have happened in the absence of the requirements. The problem would be especially serious when dealing with nonexempt food stamp registrants, since many recipients find jobs and leave the food stamp rolls on their own.

Because the characteristics of sites participating in the demonstration differed, it was plausible that the size of the treatment effect was related to differences in these characteristics. In particular, labor market conditions varied across sites; administrative processes differed across sites; and the characteristics of clients participating in each of the programs also varied. If the treatment effect on an outcome variable was estimated only at the site level (that is to say, for each site separately), even after random assignment and controlling for individual differences between clients, the estimated effect could reflect the site characteristics rather than the pure treatment effect. Consider, for example, a comparison between two sites implementing the same model. If the labor market in one had more job openings than in the other, then its estimated treatment effect would have been larger. To the extent that site characteristics influenced the magnitude of the treatment effects, neither site estimate alone would measure the pure effect of the model as planned.

Estimates are improved if controls are introduced for site characteristics. Clearly, the more sites that were included in the analysis and the more representative they were of the country as a whole, the more reliable the estimates of treatment effect would be. To introduce explicit controls

for as many site variations as possible, all seven sites in the Expanded Demonstration were pooled together to conduct statistical tests. Multivariate analysis—regression, probit, or tobit—was used to estimate treatment effects, controlling for a series of individual and site characteristics. Within the pooled sample, separate treatment effects were estimated for each site. Admittedly, even the seven sites in the demonstration did not necessarily constitute a representative sample of sites in general. However, it simply was not feasible within the context of this demonstration to expand the number of sites.

Attrition from the study sample was another problem that could potentially bias the results. Although the pool of demonstration participants to be interviewed was drawn randomly from the list of registrants in the demonstration site, many participants who were selected for interviews did not complete the three and/or six month survey. The response rates appear in Table 3.1. Overall, 64 percent completed the three-month survey, while 51 percent of the initial interview pool completed the six-month survey. One would not expect that those who responded to the survey would necessarily be similar in characteristics or attitudes to those that did not respond. For example, geographically mobile registrants and those most likely to obtain jobs on their own would be less likely to complete surveys than other registrants. These and other differences would not necessarily be a cause for concern, unless the nonrandom factors in response rates varied by experimental status. In anticipation of the possibility of such treatment-control differences, the impact analysis used a procedure developed by Heckman (1976) to reduce or eliminate the attrition bias in the estimate of treatment effects. The prediction in turn depends on having information on some variables for both those who do and do not complete an interview.

Table 3.1

Survey Response Rates, by Model and Site

| <u>Model/Site</u> | <u>Three-Month Survey</u> | | <u>Six-Month Survey</u> | |
|----------------------------------|-----------------------------|--------------------------------------|-----------------------------|--------------------------------------|
| | <u>Interviews Completed</u> | <u>Response Rate (%)^a</u> | <u>Interviews Completed</u> | <u>Response Rate (%)^b</u> |
| All Models and Sites | 2769 | 64.4 | 2222 | 80.2 |
| Applicant Job Search Model | 795 | 53.0 | 601 | 75.6 |
| Job Club Model | 1170 | 68.5 | 977 | 83.5 |
| Alternative Design Model | 804 | 73.4 | 644 | 80.1 |
| Applicant Job Search Model Sites | | | | |
| Nassau County, NY | 378 | 54.7 | 275 | 72.6 |
| Fresno County, CA | 417 | 51.6 | 326 | 78.2 |
| Job Club Model Sites | | | | |
| Portsmouth, VA | 388 | 65.0 | 302 | 77.8 |
| Pensacola, FL | 382 | 75.2 | 334 | 87.4 |
| Maine | 400 | 66.3 | 341 | 85.3 |
| Alternative Design Model Sites | | | | |
| Kentucky | 409 | 89.3 | 350 | 85.6 |
| San Diego | 395 | 61.9 | 294 | 74.4 |

Notes:

^aPercent of initial interview pool of 4300.

^bPercent of those completing the Three-Month Survey.

Furthermore, these variables must be related to the probability of attrition. Thus, the success of this evaluation in dealing with the attrition problem depends on the suitability of these common variables that were used in the Heckman procedure. Further discussion of this correction appears in Chapter 5.

One additional issue arose in interpreting impact results. Estimated treatment effects measure the difference (controlling for other factors) between the average effect for the entire experimental group and the average effect for the entire control group. However, the treatment at any site did not apply uniformly to all those in the experimental group. Those found not job ready were not subject to job search requirements. Even some of those categorized as job ready did not actually receive the prescribed treatment. One test of treatment effect would be to look at those actually assigned to the job search requirement of their model. Unfortunately, since they were a non-random subset of the experimental group, there was no adequate control group available for making a comparison. To avoid this potential bias, the impact analysis used a two-stage estimation procedure under which the registrant's likelihood of being involved in a treatment (based on predictions from a first stage equation) was used as an independent determinant of outcomes.

Since the impact of job search treatments on food stamp benefits paid was a central issue in the demonstration, the evaluation contractor obtained agency records of food stamp payments made to each registrant scheduled to be interviewed within the treatment and control groups. The analysis of the agency benefit data on this random sample of participants in the demonstration served as a check on the findings derived from household surveys. The Initial Demonstration had also collected agency benefits data, but the formatting across sites was so irregular that it could not be

used. In the Expanded Demonstration, great care was taken to collect accurate and usable benefits data.

In deciding on the appropriate sample sizes for the survey analysis, FNS and the evaluation contractor examined issues of costs and of significance levels available with alternative ways of pooling data. They selected a sample of 375 treatment and control group registrants within each site. The calculations assumed a pooled analysis across all sites and focused on the coefficient for the treatment variable for a single site. Table 3.2 shows the width of the confidence interval and the power of the test for such a coefficient, given a sample size of 375 at each site and assuming a true difference in outcomes of five percentage points.

In the case of the treatment coefficient for a single site, there was only a 50 percent probability of finding a statistically significant treatment effect when the true effect was only five percentage points. Table 3.2 also shows that aggregation of sites implementing the same model would produce more reliable estimates. For example, the probability of concluding that the applicant job search treatment was effective if the true effect was five percentage points would have been 74 percent. Each site in the Expanded Demonstration tested a model that was in some degree unique. One could perhaps combine for purposes of analysis the two applicant model sites and perhaps the three job club sites of Maine, Pensacola, and Portsmouth. Mostly, the impact analysis focused on the treatment variable coefficient for each site separately.

3.2.5 The Cost Analysis

The purpose of the cost analysis was to estimate the cost per registrant of operating the job search requirements. One part of the analysis involved estimating the per-registrant costs at the demonstration sites, excluding

Table 3.2

Width of Confidence Interval and Power of the Test for
Treatment Variables Using a Dependent Variable Measuring the
Probability of Becoming Employed

| | <u>N</u> | <u>Width of 95% Confidence Interval</u> | <u>Power of the Test Assuming True Effect of .05</u> |
|--|----------|---|--|
| Typical individual site | 375 | .051 | .5123 |
| Two Applicant Job Search Models pooled: | | | |
| Nassau County } | 750 | .036 | .7389 |
| Fresno County | | | |

expenses related solely to the evaluation. Data on actual demonstration expenses were available for each site, but there were problems associated with relying only on these data to estimate program costs. First, they did include some costs required for the data collection of the evaluation. More importantly, regardless of the real costs of operating the requirements, almost every site spent the amount of funds that had been budgeted in advance. Thus, estimates derived purely from actual expenses would not be reliable indicators of the future cost of implementing the results.

To develop realistic estimates of the costs per registrant, the evaluation contractor created a time measurement instrument, called a Job Ticket, to measure the amount of time required by agency staff members to complete specific activities. A second instrument, called Staff Utilization Rosters, provided information on the salaries paid to each agency worker as well as the allocation of each worker's time across activities. By combining information on the time spent by staff to perform certain functions with data on salaries and other expenses, one could calculate the cost of each function. Moving from costs per function to costs per registrant required estimates of the number of each type of function per registrant. Tabulations from the Client Participation Histories provided estimates of the number of functions per registrant.

3.2.6 The Benefit-Cost Analysis

The benefit-cost analysis drew on the results of the impact analysis to derive the taxpayer and social benefits of the job search treatments, and on the cost analysis to derive taxpayer and social costs. Benefits accrued mainly through a reduction in food stamp benefits per client or

the increase in earnings. Since no effort was made to estimate the time and out-of-pocket costs imposed on registrants in meeting the job search requirements, the social resource and taxpayer costs were virtually identical.

3.2.7 Relationship Between Components

The cost-benefit analysis tied together other principal components of the analysis to provide overall evaluations of site performance. It depended on estimates of cost from the cost analysis and of benefits from the impact analysis. The impact analysis in turn depended on the process analysis for two purposes. First, the data on actual treatments received by members of the treatment group came from the process analysis. Second, the process analysis helped explain and interpret the quantitative results of the impact analysis.

The formative analysis preceded all the other analyses. It relied primarily on a process analysis designed to identify and correct problems in implementing models before the formal evaluation began.

3.3 Data Collection Procedures

Table 3.3 lists the data sources used in the study.¹ The most important data sources for the impact analysis were the two waves of interviews with treatment and control group registrants three and six months following application (Nassau, Fresno) or certification (at remaining sites) for food stamp benefits. The most active contact between registrants and the program was expected to take place in the first three months following application or certification. The first interview was designed to collect information

¹Copies of the data collection instruments are in Appendix A.

Table 3.3

Data Sources and Collection Schedule

| <u>Data Source</u> | <u>Frequency of Collection</u> | <u>Collection Period</u> |
|---|---|--|
| Random Assignment Log (RAL) | Weekly | July 1983 - April 1984 |
| Monthly Progress Report (MPR) | Monthly | July 1983 - June 1984 |
| Negative Action Review (NAR) | Monthly for 6 months | January 1984 - June 1984 |
| Benefits data | Obtained on a monthly basis | January 1984 - June 1984 |
| Client Participation History (CPH) | Completed as transactions involving treatment group registrants occur | January 1984 - June 1984 |
| On-Site Analyst Logs | Monthly | July 1983 - June 1984 |
| Job Ticket | Twice, for one week | November 3, 1983, April 1984 |
| Three-Month Survey | Three months after certification ^a for food stamps | September 1983 - February 1984 |
| Six-Month Survey | Six months after certification for food stamps | February 1984 - July 1984 |
| Treatment Participation Summaries (TPS) | Ongoing basis for each series of group meetings | July 1983 - June 1984 |
| Exemption Tally | Twice | 5-day period, October 1983 5-day period, April 1984 |

^aOr three months after application in Applicant Job Search Model.

on job search, employment, benefits, and program experiences immediately following participation, to minimize recall error. The followup interview taking place three months later (or six months after application/certification) was to yield information on employment and benefits over a longer period after application. While these two surveys obtained data directly from registrants, all the remaining data instruments collected data from the FSAs.

To obtain data on the types and intensity of activities required of and completed by treatment group registrants, the evaluation contractor designed several forms that were completed by demonstration staff. The Client Participation History (CPH) was a form on which demonstration staff were to record every agency transaction for a particular treatment registrant, including assessment, assignment, and referral outcomes. To record each registrant's involvement in group activities, agencies had to complete forms called Treatment Participation Summaries (TPS). These group activity rosters provided data on attendance at, and outcomes of, group activities such as orientation, employability skills training, and job clubs. These data were combined with the CPH to measure the intensity of treatment for each member of the treatment group. CPHs were used in both the Initial and Expanded Demonstrations. However, the CPHs in the Expanded Demonstration collected more complete information on what happened to registrants at each stage of treatment.

Information on program costs came from itemized monthly invoices submitted by each site to the Food and Nutrition Service as well as from the Staff Utilization Rosters and the Job Tickets discussed earlier. The evaluation contractor administered the Staff Utilization Rosters and the Job Ticket instruments twice (November 1983 and April 1984) during the operational phase of the demonstration.

The analysis of program operations utilized four additional sources of data. Monthly Progress Reports (MPRs) completed by demonstration staff summarized work registrations, outcomes of job-readiness assessments and categorization, and sanctions imposed. The CPHs recorded similar data for each individual, permitting the tracking of individuals. The MPR data were generally aggregated for each site, though reports were available separately for each office in multi-office sites. The advantage of the MPR was that it was available each month, while the CPHs were collected only when an individual completed treatment. CPHs were available only from treatment group registrants. MPR data were used to assess monthly variation in client flow and treatment activity both within and across sites. Although it was hoped that these progress reports would be useful to sites in monitoring their own performance, few sites completed these forms on a timely basis. As a result, the information was generally not used for short-term management. This report used MPR data mainly for aggregate caseload data.

Detailed information on particular aspects of the implementation of the job search requirements came from the Exemption Tally and the Negative Action Review. The Exemption Tally, new in the Expanded Demonstration, recorded the incidence of various reasons for exemption of registrants from work registration requirements; it was administered in October 1983 and April 1984. The Negative Action Review consisted of a review of a sample of case files of registrants who were found noncompliant during the first six months of Phase III. The form yielded information about the sequence of actions that followed the initial finding of noncompliance.

Evaluation contractor staff also observed the operation of the demonstration models at each site to obtain qualitative, descriptive information that would complement the more quantitative process data. On-site analysts

reported on project activities throughout the Phase III period. Their observations and reports were guided by structured data collection logs developed by senior process evaluation staff. In addition, Brandeis University and Abt Associates analysts visited sites throughout the demonstration to observe the operation of the demonstration programs firsthand.

3.4 Problems Associated with Data Collection

Although one purpose of Phase II of the demonstration was to minimize errors and problems associated with evaluation data collection, some problems nonetheless took place during Phase III. The most important are discussed here.

Random Assignment Documentation

Agency staff at each site were required to record each work registrant's assignment to treatment or control status and other information about the individual on Random Assignment Logs provided by the evaluation contractor. These logs were to be transmitted to the contractor for selection of the survey interview sample. While most sites managed this process well, Fresno and Nassau County did not. In Fresno, because of the large number of eligibility workers (over 400) responsible for random assignment, completion and retrieval of the written forms was deemed infeasible. Instead, the Fresno agency provided the contractor with a computer tape which identified treatment and control registrants. This tape, however, contained names of all food stamp registrants experiencing a transaction related to their case during the month. The contractor had to undertake substantial work with site staff to ensure that those registrants participating in the demonstration were identified properly.

In Nassau County, site staff were not conscientious in transmitting the portion of the log that was completed when an applicant's certification was either approved or denied. As a result, neither the Nassau site nor the contractor had available timely information on the outcomes of the certification process.

Monthly Progress Reports

Virtually all sites experienced problems with the Monthly Progress Reports. Some sites (for example, San Diego) completed the reports accurately but did not submit them to the evaluation contractor until several months after the close of the reporting period. Other sites (in particular, Maine and Nassau) neither completed the form accurately, nor submitted forms in a timely manner. This problem affected primarily the ongoing monitoring of operations rather than the final report, since here the CPH is the principal source data on client flow.

3.5 Strengths and Limitations of the Evaluation

The evaluation was based on random assignment of registrants to an experimental and a control group at each site. This experimental design was very important in isolating the pure effect of each model. There was a detailed, thorough process analysis to record the actual treatment implemented at each site. There was a formative analysis during which the implementation of the models was observed, problems identified, and improvements suggested, before the operational phase and the impact analysis began. All of these steps contributed to the reliability of the results.

There were some limitations of the analysis. There were attrition problems, but statistical corrections were made that acted to minimize bias. The seven sites included in the demonstration were not completely

representative of the country as a whole. Since the Food Stamp Agencies ultimately included in the demonstration had volunteered to participate, they constitute a self-selected group. Moreover, the fact that the number of volunteer sites was very small indicates that these sites may be highly atypical. Of primary concern is the possibility that the political and other factors that may have led these sites to participate and that differentiate them from other counties and cities in the U.S. may be associated with the level of performance observed in the demonstration.

Even in terms of observed characteristics, the seven volunteer sites were not representative of agencies throughout the United States. San Diego county was the only large urban area. Two sites (Maine and Kentucky) were primarily rural areas; one site (Fresno) included a sprawling, primarily agricultural area populated by migrant farm workers; the remaining sites were small cities.

Notwithstanding these limitations, the evaluation gives useful insights into the work registration and job search requirements of the demonstration models. Moreover, data collection in the Expanded Demonstration was improved in the several areas discussed over what it had been in the Initial Demonstration.

4.0 THE ASSESSMENT OF THE OPERATION OF THE DEMONSTRATION APPROACHES

4.1 Overview and Summary

This chapter describes the assessment of the operation of the demonstration job search requirements in each participating site. One evaluation objective was to determine the feasibility of administering work registration and job search procedures that were different from current requirements. To this end, we examined the flow of clients through the demonstration, specifically the number of work registrants who were assessed as job-ready, assigned to job search requirements, and sanctioned for failure to comply. The assessment took account of the influence of economic conditions, agency coordination, and client tracking and reporting systems on the way each local agency operated the job search requirements under the demonstration.

The process analysis of the Expanded Demonstration developed more quantitative data than the Initial Demonstration and previous studies of work registration and job search requirements. Previous studies--and this evaluation too--documented extensive fall-off as clients moved through the steps of the treatment, with only a fraction finally completing the actual work or job search requirements. In previous studies, there was uncertainty as to whether the fall-off resulted from client noncompliance, from client movement out of the demonstration (either because of a change in registration status or because of going off food stamps), or from a failure by the administering agency to keep track of clients and move them to the next step of the treatment. The evaluation of this demonstration provides a much fuller accounting of the fall-off. Data were available on each step of the client flow after registration, including the number of clients who left the demonstration following a finding of noncompliance,

the number who entered employment, and the number who left the demonstration for other reasons. On the basis of these data, the following key findings emerged from the process analysis.

- Administrative laxity was not a significant cause of the small proportion of participants completing all stages of the job search requirements. Most of the fall-off at each step of the flow of registrants can be explained either by registrant noncompliance or by registrants leaving the demonstration for other reasons. Given the permissible reasons for most of the fall-off, there is little evidence of significant administrative failure.
- There were major implementation problems at some sites early in the demonstration, but local agencies eventually corrected them without a lasting effect on the client flow. The most serious problems were in Kentucky, where the demonstration had to be reorganized in October 1983. Following that, Kentucky operated its model reasonably well.
- The applicant job search requirement screened out many clients early in the process. In Nassau, 56 percent of the applicants failed to complete the requirement; in Fresno, the figure was 36 percent. In the case of most clients not completing the applicant search requirement, agencies either did not certify the households to receive benefits or reported the registrants as noncompliant.
- Applicant model sites had a clear advantage in the timing of treatment. With assessment interviews typically taking place on the same day as application, the applicant search approach sped the process of assigning suitable clients to the requirements. In contrast, the job club sites experienced delay in applying the job club treatment to registrants.
- Among job club sites, the proportion of job club participants completing the activity was highest in Portsmouth, which used an assistive model which aided participants through to the end of the job club. However, few Portsmouth participants either found jobs or left the demonstration for other reasons. Other sites used noncompliance more and moved more job club participants into jobs.
- San Diego was the only site with a Workfare requirement. Job-ready clients were assigned first to a job club and then to Workfare. Many clients either left the demonstration or were exempted from further treatment before being assigned to Workfare. Of those who did complete the job club, most went on to Workfare, with the remainder entering employment. Among those assigned to Workfare, 15 percent found employment, nearly 35 percent were noncompliant, and the remainder continued in Workfare until the end of their certification period.

- Local agencies used sanctioning extensively throughout the demonstration, with the proportions found noncompliant ranging from 22 percent noncompliant in Portsmouth to 51 percent in San Diego. While there were administrative shortcomings, such as excessive delays in Nassau and Portsmouth, much of the sanctioning did result in ultimate termination of benefits.

The process analysis required two kinds of data: (1) quantitative measures of client flow to indicate where there were problems in moving work registrants through the treatment in accordance with demonstration rules; and (2) qualitative information to explain what sites did in order to achieve the measured outcomes. Both types of data helped to convey how agencies administered the requirements. Success in moving clients through the various components of the job search requirements depended on:

- an adequate flow of participants, particularly if the model involved a group activity like a job club. Because some sites (like Portsmouth) had fewer clients than expected and all sites had high no-show rates, several job clubs operated at less than planned capacity;
- avoiding backlogs due to an unexpectedly high flow of registrants. Pensacola and Kentucky had large backlogs of clients awaiting group activities in the early part of the demonstration, but overcame these difficulties through more frequent scheduling;
- effective communication between the Income Maintenance Unit and the Demonstration Employment Unit, first in getting registrants into the treatment and second in transmitting information on noncompliance. While the necessary flows of information did take place, they were not always timely;
- an effective participant tracking and reporting system able to follow all work registrants to make sure they get the proper treatments on a timely basis. Many of the implementation problems in the early part of the demonstration centered on site inadequacies in completing evaluation forms designed for such purposes; and
- low turnover and adequate staff who can devote the necessary effort to running the models.

4.2 Measures of Effective Operations

4.2.1 Concepts in Measuring Operations

Administering the job search requirements involved several procedures in which Food Stamp Agencies interacted with those applying for food stamp benefits. Within each procedure, the local FSA had to respond to the actions of the applicant or recipient. Between application and completion of job search procedures, work registrants might have dropped out during one of several stages, either because of their own actions and/or responses by the FSA. High fall-off rates might have been consistent with slack implementation, with a low share of job-ready registrants, with recipient noncompliance or with a combination of all three. The goals of the process analysis were to describe the patterns of the flow of participants through the various procedures and to identify the reasons for registrants not completing their requirements.

The primary basis for examining operations in the seven demonstration sites was data on how applicants and/or recipients flowed through these procedures. Key measures included the following:

- Percent of Registrants Assessed. All treatment group work registrants were supposed to be assessed. A registrant would not be assessed if he or she failed to respond to two call-ins without good cause, but would be subject to sanctioning instead. Instances of registrants not assessed without a valid reason would indicate inadequacy in implementation.
- Percent of Those Assessed Who Were Assigned to Category I. The assessment interview was to determine whether a registrant was job-ready and thus eligible for Category I. Registrants might have legitimately been assigned to Categories II or III and thus, a low percent assigned to Category I did not necessarily mean an implementation failure. However, assigning most registrants to categories that did not require making job contacts or attending job clubs was one way agencies could avoid implementing the procedures rigorously.
- Percent of Category I Ever Assigned to the Prescribed Treatment of the Model. Some registrants initially assigned to Category I were recategorized and thus were no longer required to

participate in the treatment. This included a few registrants who should not have registered for work, i.e., those working 30 hours or more or part of UI or WIN. Except for these possibilities, failure to assign Category I registrants to treatment would indicate an inadequacy in implementation.

- Participation Record of Those Assigned to Treatment. Registrants could complete treatment either by finding a job or by following the prescribed requirements for the treatment imposed in each of the models. Finding a job was a preferable outcome to completing all requirements with no job at the end. Those not completing the treatment might have been excused or noncompliant. Otherwise, a high rate of noncompletion would indicate an implementation failure. There are other measures of the intensity of treatment like the days of attendance at a group activity.
- The Percent Denied Certification for Failure to Comply with Applicant Job Search. A high denial rate would establish a reputation for stringency. However, an implementation failure would be present only if registrants who did not complete the applicant job search were nevertheless certified.
- The Percent of Registrants Found Noncompliant. Again, a high percent would establish a reputation for stringency. But evidence of implementation problems would require more detailed information. When clients failed to comply with the particular requirements of their site, were they found noncompliant? When a client was found noncompliant would sanctioning procedures be followed through to terminate benefits, if appropriate?

An analysis of these measures, which document the results of the administrative processes in quantitative terms, appears in subsequent parts of Section 4.2. Section 4.3 draws on qualitative information, derived largely from observations by the contractor's on-site analysts and its senior staff, to interpret these figures and to understand how the individual agencies developed and implemented their job search procedures.

4.2.2 The Characteristics of Applicants Entering the Demonstration

Before analyzing how Food Stamp Agencies implemented the job search procedures among applicants, it is worthwhile to describe the composition of applicants who entered the demonstration at each of the seven demonstration sites. Table 4.1 summarizes characteristics of the

Table 4.1

Work Registrant Characteristics, by Site

| | <u>Nassau</u> | <u>Fresno</u> | <u>Portsmouth</u> | <u>Maine</u> | <u>Pensacola</u> | <u>Kentucky</u> | <u>San Diego</u> |
|---|---------------|---------------|-------------------|--------------|------------------|-----------------|------------------|
| Total cases on Random Assignment Log | 1449 | 7063 | 1094 | 1423 | 1449 | 1456 | 2492 |
| Treatment | 913 | 3483 | 679 | 822 | 832 | 870 | 2070 |
| Control | 536 | 3580 | 415 | 601 | 617 | 586 | 422 |
| Percent Non-Public Assistance Registrants | 35.7 | 100.0 | 98.6 | 72.3 | 98.8 | 97.9 | 99.9 |
| Registrants per household | 1.0 | 1.2 | 1.2 | 1.0 | 1.2 | 1.2 | 1.1 |
| Mean benefit per household | \$112 | \$113 | \$138 | \$96 | \$152 | \$167 | \$96 |
| Ages of work registrants: | | | | | | | |
| Percent <20 | 16.2 | 11.2 | 20.6 | 20.4 | 12.9 | 17.7 | 10.0 |
| Percent 21-45 | 67.0 | 66.4 | 59.8 | 67.4 | 66.4 | 67.0 | 74.5 |
| Percent 46+ | 16.8 | 22.5 | 19.6 | 11.8 | 20.7 | 15.3 | 15.5 |
| Sex | | | | | | | |
| Percent male | 56.0 | 62.0 | 47.0 | 66.0 | 51.0 | 54.0 | 62.0 |
| Percent female | 44.0 | 38.0 | 53.0 | 34.0 | 49.0 | 46.0 | 38.0 |
| Percent receiving expedited services | N/A | 13.7 | 22.0 | 64.0 | 21.0 | 24.0 | 3.5 |

Sources: Random Assignment logs. Periods covered are: Nassau, July 1, 1983-February 3, 1984; Fresno, July 1, 1983-January 27, 1984; Maine, July 1-December 9, 1983; Portsmouth, July 1-December 2, 1983; Pensacola, July 1-December 2, 1983; Kentucky, July 1, 1983-February 10, 1984; San Diego, July 1-December 2, 1983. Although work registrants continued to be entered on the RALs beyond these dates, these are the final dates for including them in the interview sample. These dates allowed a six-month follow-up within Phase III.

population required to register for work in the demonstration and included on the Random Assignment Logs.

There were significant differences between sites in the nature of the client population subject to the demonstration requirements. FNS had wanted to include only non-public assistance (NPA) food stamp recipients in the demonstration. However, sites with small numbers of NPAs did include some food stamp recipients who also were on public assistance. Nassau County served primarily (64 percent) public assistance food stamp recipients because earlier the agency had overestimated the flow of non-public assistance work registrants. Maine was another site that included public assistance recipients. It drew 28 percent of its clients from this subgroup. The remaining sites included only non-public assistance food stamp households.

Substantial differences also existed in the fraction of registrants that received expedited services. In Maine, 64 percent of registrants received expedited services, in contrast to only 4 percent in San Diego. Certification benefit amounts also varied, ranging from \$167 per month in Kentucky to \$96 per month in Maine and San Diego.

Portsmouth and Maine contained relatively high numbers of registrants age 20 or less, while Fresno and Pensacola had disproportionately more over age 46. Males constituted over 60 percent of the sample in Fresno, Maine, and San Diego, but other sites had a more even balance between males and females.

4.2.3 Exemption from Work Registration Requirements and Assignment to the Demonstration

The demonstration approaches differed only in job search requirements; all sites were subject to standard work registration determination procedures completed at the Income Maintenance Unit of the FSA. Regulations implementing the demonstration, effective July 1, 1983, followed proposed rule changes to national requirements (see Table 1.1). These exemption criteria were applied in all demonstration sites except Maine.¹

Table 4.2 displays the proportions exempt from the requirements and compares the reasons for exemption of individuals from demonstration work requirements in the seven participating sites. These data were drawn from a tally carried out by eligibility workers in each demonstration site. Overall, about two of three applicants were exempt from the work requirements: the proportions were 71-77 percent in Maine, Portsmouth, Pensacola and Kentucky; 54-55 percent in Fresno and San Diego; and 93 percent in Nassau County. The most common reasons for exemption were responsibility for care of a child or dependent adult; disability; or full-time employment (totaling 61 percent of all exemptions). The Exemption Tally was developed only for the Expanded Demonstration so that comparable data were not available from the Initial Demonstration.

Clients not exempt moved on to work registration and were randomly assigned to either the treatment group or the control group. The overall numbers from the Random Assignment Log appeared in Table 4.1. Table 4.3, based on data from the Monthly Progress Reports, shows the average monthly flow of registrants into the demonstration as well as the breakdown of

¹ Maine resisted acting under demonstration rules and continued to operate under the 1981 regulations throughout the demonstration.

Table 4.2

Results of Exemption Determination Tally, by Site
(5-day period, April 1984)

| | <u>Nassau County</u> ¹ | <u>Fresno County</u> | <u>Maine</u> ² | <u>Portsmouth</u> | <u>Pensacola</u> | <u>Kentucky</u> | <u>San Diego</u> | <u>Total</u> |
|---|---------------------------------------|--------------------------|---------------------------|-------------------|------------------|-----------------|------------------|--------------|
| Total number of determinations | 231 | 284 | 408 | 319 | 626 | 284 | 628 | 2780 |
| Proportion required to work register | .07 | .46 | .27 | .23 | .29 | .29 | .45 | .32 |
| Proportion exempt | .93 | .54 | .73 | .77 | .71 | .71 | .55 | .68 |
| Reasons for exemption (as a proportion of all exempt households): | | | | | | | | |
| Responsible for care of children or incapacitated adult | .21 | .41 | .28 ³ | .26 | .24 | .28 | .22 | .27 |
| Employed full-time | .16 | .28 | .19 | .17 | .14 | .25 | .18 | .20 |
| Disabled | .27 | .07 | .13 | .14 | .09 | .11 | .16 | .14 |
| Elderly (60 and over) | .16 | .09 | .11 | .12 | .16 | .16 | .11 | .13 |
| Full-time student | .03 | .01 | - | .03 | .06 | .06 | .09 | .04 |
| WIN participant | .04 | - | .10 | - | .01 | .03 | - | .03 |
| UI claimant | .06 | .05 | .04 | .05 | .02 | .06 | .08 | .05 |
| Participant in drug, alcohol, rehabilitation, or other employment program | - | .03 | - | .03 | .05 | - | .08 | .03 |
| Other | .08 | .07 | .23 | .21 | .22 | .04 | .07 | .12 |

Notes:

¹ This tally is for NPA cases; Home Relief cases are not included. Including HR cases, the Nassau numbers would be: 679 total determinations; 131 total work registrants; 19 percent work registrants and 81 percent exempt. The reasons for exemption, in the order of the table: 1=.35; 2=.09; 3=.23; 4=.09; 5=.02; 6=.02; 7=.05; 8=.04; 9=.12.

² Maine carried out the tally at two separate 5-day periods; the average of the two tallies is reported here.

³ This number combines three items tallied separately in Maine: Children under 6 = .25; children 6-12 = .04; care of incapacitated adult = 0.

Table 4.3

Average Monthly Flow Into Demonstration

| | <u>Fresno</u> | <u>Nassau</u> ^a | <u>Kentucky</u> | <u>Maine</u> | <u>Pensacola</u> | <u>Portsmouth</u> | <u>San Diego</u> |
|--------------------------|---------------|----------------------------|-----------------|--------------|------------------|-------------------|------------------|
| Number work registrants | 805 | 86 | 221 | 668 | 377 | 182 | 731 |
| Number new applicants | 411 | 71 | 148 | 386 | 209 | 64 | 614 |
| Percent new applicants | (51.1) | (82.6) | (67.0) | (57.8) | (55.4) | (35.2) | (84.0) |
| Number recertifications | 394 | 15 | 73 | 282 | 168 | 118 | 117 |
| Percent recertifications | (48.9) | (17.4) | (33.0) | (42.2) | (44.6) | (64.8) | (16.0) |

Source: Monthly Progress Reports, July 1983 - March 1984.

^aNon-Public Assistance clients only.

whether they came from new applicant households or were recertifications. The differences in monthly flow were substantial, ranging from a low of 86 work registrants per month in Nassau County to a high of 805 in Fresno.

4.2.4 Assessment

The normal step following assignment to treatment status was an assessment interview at which an agency staff person assessed registrants as job-ready (Category I) or not job-ready for either temporary reasons (Category II) or long-term reasons (Category III). The tabulations in Table 4.4., based on Client Participation Histories, reveal the proportions of registrants actually assessed as well as what happened to those not assessed. (All data from CPHs are based on the total CPH sample rather than on monthly averages. Information for individuals from the group activity rosters was entered on the CPHs.) The proportion of registrants who were assessed ranged from 97 percent in Nassau County down to 68 percent in San Diego. (Kentucky did not carry out assessment interviews, as will be discussed in Section 4.3.3.1) In the Initial Demonstration, the comparable proportions were 68 percent assessed in the Food Stamp Agency Model and 47 percent in the Job Club Model. The In-Person Registration Model carried out assessment at the time of in-person registration so the rate of assessment was over 90 percent. Of those not assessed, the majority were noncompliant in every site except Fresno County, with the percentages ranging from 62 percent in Nassau County to 86 percent in San Diego. Failure to show up twice without good cause was grounds for sanctioning. Virtually all those who did not show up twice were indeed found noncompliant. All those recorded as noncompliant on the Client Participation History were either sanctioned or left the

Table 4.4

Assessment Activity for Study Sample

| | <u>Applicant Models</u> | | <u>Job Club Models</u> | | | <u>Group Job Search Assistance</u> | <u>Job Club/ Workfare</u> |
|---|-------------------------|---------------|------------------------|------------------|-------------------|--|-------------------------------|
| | <u>Fresno</u> | <u>Nassau</u> | <u>Maine</u> | <u>Pensacola</u> | <u>Portsmouth</u> | <u>Kentucky^c</u> | <u>San Diego</u> |
| 1) Number of treatment group registrants | 398 | 399 | 409 | 411 | 287 | 316 | 411 |
| 2) Number assessed | 289 | 386 | 318 | 331 | 228 | NA | 280 |
| a) Percent of (1) who were assessed | 72.6 | 96.7 | 77.8 | 80.1 | 79.4 | | 68.1 |
| 3) Number not assessed | 109 | 13 | 91 | 80 | 59 | | 131 |
| a) Did not report for 2 call-ins | 41 | 10 | 73 | 67 | 44 | | 119 |
| b) Did not report for call-ins and found noncompliant | 38 | 8 | 64 | 66 | 43 | | 112 |
| (3b) as percent of (3) | 34.9 | 61.5 | 70.3 | 82.5 | 72.9 | | 85.5 |
| c) Noncompliant for other reasons ^a | 1 | 1 | 0 | 0 | 2 | | 4 |
| d) Entered employment ^b | 1 | 0 | 6 | 7 | 2 | | 9 |
| e) Left Food Stamp Program for other reasons | 0 | 4 | 20 | 7 | 4 | | 6 |
| f) Not assessed, not accounted for by reasons b-e | 69 | 0 | 1 | 0 | 8 | | 0 |

Source: Client Participation Histories for the study sample population.

^aReason may be failure to report for call-ins if information not completed on call-ins on CPH.

^bExcludes individuals who entered employment and were also found noncompliant.

^cKentucky did not report for call-ins if information not completed on call-ins on CPH.

demonstration on their own. This kind of detail on those assessed and not assessed was not available in the Initial Demonstration.

In addition to those who left the demonstration following a Notice of Noncompliance, others left because they entered employment or for other reasons.² The final line of Table 4.4 shows the number of registrants who were not assessed and for whom there was no indication that they left the demonstration. At most sites, virtually all of those not assessed left the demonstration for one of the indicated reasons. All sites except Fresno were successful either in establishing initial contact through the assessment interview or in removing those not assessed from the demonstration.

In the case of Fresno, early in the demonstration registrants residing far from the office were not referred for assessment so that the Demonstration Employment Unit had no record of many of the registrants being referred to them. These registrants were never called in for assessment. However, an administrative change resulted in all registrants being referred to the demonstration unit and those in outlying areas were subsequently placed in Category III.

²The CPH data use the following definitions to characterize exits from the demonstration:

Not Certified: those in Applicant Job Search sites who failed to comply with the applicant search requirement and left because they were denied certification;

Noncompliant: certified registrants who left following a Notice of Noncompliance whether they were sanctioned or left for another reason;

Entered Employment: those who left because they entered employment (and had not received a Notice of Noncompliance). Since the data on entered employment comes from the Client Participation History, it probably understates those entering employment because the Employment Demonstration Unit would not know all instances of job finding;

Left Demonstration for Other Reasons: those who left for reasons other than not certified, noncompliant, or entered employment. This category includes those whose registration status changed as well as those who moved from the area who went off food stamps altogether.

4.2.5 Categorization

Of those assessed, what proportions did agency staff classify as job-ready? According to the data on categorization in Table 4.5, over half of those assessed were assigned to Category I, except in Maine. The highest proportion assigned to Category I was in Nassau County (92 percent). In Kentucky, where there was no assessment, the assignment to Category I was almost automatic, except for a handful who lived in remote locations. In the Initial Demonstration, 85 percent of those assessed in the In-Person Registration Model were assigned to Category I, 75 percent in both the Food Stamp Agency and Job Club Models.

Category II-Job Attached, for registrants expected to have employment within a reasonable amount of time, was used in Maine and to a lesser extent in Fresno, but not much in the other sites. There were two holding categories. Category II-Not Job Attached was for registrants who had temporary barriers to participation, while Category III was for registrants who were not expected to overcome barriers during their work registration period. The offices in Pensacola, Fresno, and San Diego used Category III for clients who had language barriers. Fresno also used Category III for clients who lived in rural areas not accessible to the Food Stamp Agency. Some clients in each site were assigned to the demonstration even though they should have been exempt from work registration, if, for example, they were participating in Unemployment Insurance or AFDC work registration and job search requirements. When the Demonstration Employment Unit learned of such errors, clients were referred for redetermination and not otherwise categorized.

In all sites, some clients initially assigned to Category I were eventually recategorized into other categories. Sizable numbers were

Table 4.5
Categorization Activity for Study Sample

| | Applicant Models | | Job Club Models | | | Group Job Search Assistance | Job Club/ Workfare |
|---|------------------|---------------|-----------------|------------------|-------------------|-----------------------------------|-----------------------|
| | <u>Fresno</u> | <u>Nassau</u> | <u>Maine</u> | <u>Pensacola</u> | <u>Portsmouth</u> | <u>Kentucky</u> | <u>San Diego</u> |
| Number of registrants | 398 | 399 | 409 | 411 | 287 | 316 | 411 |
| Number assessed | 289 | 386 | 318 | 331 | 228 | NA | 280 |
| Number initially assigned to Category I | 150 | 355 | 125 | 251 | 128 | 302 | 205 |
| Category I as percent of assessed | 51.9 | 92.0 | 39.3 | 75.8 | 56.1 | NA | 73.2 |
| Category II-Job Attached | 16 | 4 | 45 | 2 | 2 | 0 | 8 |
| Category II-Not Job Attached | 22 | 9 | 44 | 22 | 15 | 0 | 29 |
| Category III | 84 | 0 | 59 | 17 | 42 | 9 | 10 |
| Referred for redetermination | 17 | 15 | 38 | 38 | 34 | 5 | 27 |
| Ever recategorized into Category I ^a | 0 | 1 | 39 | 0 | 5 | 0 | 0 |
| Ever recategorized out of Category I ^a | 25 | 29 | 19 | 55 | 17 | 20 | 37 |

Source: Client Participation Histories for the study sample population.

^aThese changes were made following the initial assignment to a category.

recategorized into Category I only in Maine. In Maine, clients in Category II-Job Attached were sent follow-up letters in 30 or 60 days. Those not responding within 10 days were automatically changed to Category I. Maine staff originally listed many Category III inappropriately, but where information was available, these were moved to the correct category.

4.2.6 Assignment to Treatment Activity

In principle all those found job-ready were to be assigned to a job search treatment activity, such as a requirement to make job contacts or to attend a job club. However, not all those in Category I actually started treatments. Table 4.6 presents information on the proportions of Category I registrants who started a treatment activity. Except in Maine and Kentucky, where over 20 percent of those job-ready did not start treatment, the proportion who did not attend a treatment activity was very low, not above 6 percent.

Failure to start resulted from several reasons. Some participants assigned to a treatment failed to show up. The office could sanction these noncompliant registrants. Some clients left the demonstration on their own. Others in Category I were excused from treatment either because they were now working part-time or were participating in another work and training program. An administrative failure existed only if a valid reason was lacking for not starting treatment. Table 4.6 lists the possible reasons, with "unexplained" indicating those without a reason. The number of such cases was large only in Kentucky.

Whether a person started treatment is one indicator of administrative performance, but another is how soon (after assessment) the treatment began. Table 4.7 presents the median number of days from registration to

Table 4.6

Assignment to Treatment Activity for Study Sample

| | <u>Applicant Models</u> | | <u>Job Club Models</u> | | | <u>Group Job Search Assistance</u> | <u>Job Club/ Workfare</u> |
|--|-------------------------|---------------|------------------------|------------------|-------------------|--|-------------------------------|
| | <u>Fresno</u> | <u>Nassau</u> | <u>Maine</u> | <u>Pensacola</u> | <u>Portsmouth</u> | <u>Kentucky</u> | <u>San Diego</u> |
| Ever assigned to Category 1 | 150 | 356 | 164 | 251 | 128 | 302 | 205 |
| Assigned to treatment | 147 | 351 | 115 | 241 | 120 | 223 | 194 |
| Not assigned to treatment | 3 | 5 | 49 | 10 | 8 | 79 | 11 |
| As percent of Category 1 | 2.0 | 1.4 | 29.9 | 4.0 | 6.3 | 26.2 | 5.4 |
| Reason for lack of assignment: | | | | | | | |
| Noncompliant ^d | 2 | 2 | 1 | 0 | 0 | 25 | 4 |
| Entered employment | 0 | 1 | 14 | 1 | 1 | 10 | 1 |
| Left demonstration ^b | 0 | 1 | 11 | 0 | 0 | 7 | 1 |
| Employed part-time | 1 | 0 | 14 | 1 | 3 | 0 | 0 |
| Participated in other work and training programs | 0 | 0 | 1 | 7 | 0 | 0 | 1 |
| Recategorized out of Category 1 | 0 | 1 | 2 | 1 | 3 | 7 | 4 |
| Unexplained | 0 | 0 | 6 | 0 | 1 | 30 | 0 |

Source: Client Participation Histories for the study sample.

^dRepresents cases with Notices of Noncompliance and who subsequently left demonstration.

^bFor any reason other than noncompliance or entered employment.

Table 4.7

Timing of Treatment

| | <u>Applicant Models</u> | | <u>Job Club Models</u> | | | <u>Group Job Search Assistance</u> | <u>Job Club/ Workfare</u> |
|---|-------------------------|---------------|------------------------|------------------|-------------------|--|-------------------------------|
| | <u>Fresno</u> | <u>Nassau</u> | <u>Maine</u> | <u>Pensacola</u> | <u>Portsmouth</u> | <u>Kentucky</u> | <u>San Diego</u> |
| Median number of days | | | | | | | |
| Registration to assessment | 0 | 0 | 21 | 16 | 21 | NA | 13 |
| Assessment to first treatment | 6 | 0 | 29 | 0 | 12 | 30 | 10 |
| beginning of application search to beginning of recipient search | 15 | 31 | | | | | |

Source: Client Participation Histories for the study sample population.

assessment, and then from assessment to the start of treatment. The Applicant Model sites had zero median time lags because registrants were generally assessed at the time of registration. Category I registrants were then assigned to the applicant search requirement at the same time. It took all the other sites between two and three weeks to call in registrants and hold the assessment. However, following the assessment, Pensacola was able to assign job-ready registrants to treatment immediately, because the first treatment was a job search requirement which could start without delay. Job clubs, in contrast, took time to organize since they are group activities that run on a limited schedule. Following assessment, it took the average registrant a month to start a job club in Maine but less than two weeks to start one in San Diego. The average delay in reaching Kentucky's group job search activity was one month. In terms of timing, job search requirements have the advantage of an earlier start over group activities like job clubs. Also, conducting the assessment at the time of registration can hasten treatment by two or three weeks. In the Initial Demonstration the In-Person Registration Model had the similar effect of establishing early contact with registrants since the assessment was held at the time of the in-person registration.

4.2.7 Intensity of Treatment

Since the treatment approaches differed by site, it was necessary to consider sites separately in describing the intensity of treatment. This section will consider first the sites with the applicant search requirement. Then it will examine treatment at the remaining sites which all had some form of group activity, although the actual models differed substantially.

4.2.7.1 Applicant Model Sites

In both applicant sites, the first step of treatment was the applicant job search requirement (although in Nassau County, cases up for recertification were assigned directly to the recipient search requirement). The applicant search rule required applicants to make two job contacts per day for 10 days in Fresno and six contacts over two weeks in Nassau County. Table 4.8 shows the completion and the fall-off of clients as they moved through applicant search.

In Fresno 36 percent of those assigned to applicant search did not complete the job search requirement while in Nassau, over half of those assigned did not complete. Those not completing were denied certification. In Fresno, 72 percent of non-completers were denied certification. The Nassau County outcomes are somewhat in doubt because most of the large number shown as noncompliant were probably misclassified and actually had been denied certification. With the inclusion of the noncompliance cases among the denials, the Nassau County proportion of non-completers who were denied certification was 51 percent. Virtually all the other non-completers at both sites left the demonstration for other reasons or had a valid reason for not completing the job contacts (such as recategorized out of Category I). Thus, the Applicant Search Model appeared effective in identifying uncooperative clients quickly and in keeping them from becoming certified. The numbers reveal no administrative shortcomings in the agencies operating the applicant search requirement.

Those who completed applicant search were to be assigned to recipient search (along with the recertified cases in Nassau). About a fifth of completers failed to start the recipient search, the main reason being that they entered employment.

Table 4.8

Applicant Search Treatment at Applicant Model Sites for Study Sample

| Type of Client | <u>Fresno</u> | <u>Nassau</u> |
|---|--|---|
| | Non-Public Assistance Food Stamp | Public Assistance and Non-Public Assistance Food Stamp |
| Applicant requirements | 2 contacts per day for 10 days | 6 job contacts in 2 weeks |
| Applicant requirement applied to: | Both new appli- cants and recer- tifications | New applicants only |
| Assigned to applicant job search | 148 | 296 |
| Did not complete applicant job search ^a | 53 | 167 |
| Percent of assigned | 35.8 | 56.4 |
| Reason for not completing | | |
| Not certified | 30 | 46 |
| Noncompliant | 8 | 40 |
| Entered employment | 0 | 1 |
| Left demonstration | 4 | 69 |
| Recategorized out of Category I | 7 | 9 |
| Unexplained | 4 | 2 |
| Completed applicant search | 93 | 120 |
| Completers who did not start recipient search | 20 | 43 |
| Percent of completers | 21.5 | 40.0 |
| Reason for not starting (among completers of applicant search) | | |
| Noncompliant | 0 | 5 |
| Entered employment | 12 | 3 |
| Left demonstration | 0 | 29 |
| Recategorized out of Category I | 6 | 3 |
| Unexplained | 2 | 3 |

Source: Client Participation Histories for the study sample population.

^aMissing cases on completion of applicant search: Fresno, 2; Nassau, 9.

In Nassau County, the recipient search requirement lasted for 8 weeks, while in Fresno, it was supposed to continue as long as the person remained a registrant. Large numbers who began recipient search left the demonstration at some time, as shown in Table 4.9. About 25 percent in Fresno and 40 percent in Nassau left following noncompliance. Many others left because of employment or other reasons. Only a limited number continued in recipient search for the duration of the demonstration.

At both sites, registrants were supposed to make a job search monitoring visit to the Demonstration Employment Unit following the two weeks of applicant search and again every four weeks during recipient search. Over 85 percent of those beginning applicant search had at least one monitoring visit. However, the average number of visits per client was between two and three, reflecting the fact that many people left the demonstration before the end of the formal recipient search period.

4.2.7.2 Sites Including a Group Component in the Treatment

A job club was the entire treatment in Maine and Portsmouth and a component of treatment in Pensacola, and San Diego. The Kentucky Treatment included Employability Skills Training group sessions, although they were not a job club. Table 4.10 summarizes the requirements in each of these sites. The administrative demands of running a group activity differ from those required to operate a job search requirement. The job search requirement leaves the initiative for search up to the individual registrant, except at the times of monitoring visits. In contrast, in structured group activities, the administering agency must schedule sessions for an appropriate number of people; must hire staff to run formal

Table 4.9

Recipient Search Treatment at Applicant Model Sites

| | <u>Fresno</u> | <u>Nassau</u> |
|---|---|--|
| Number recipient contacts required | 1 contact per day for length of certification period; monthly in-person reporting | 24 contacts in 8 weeks; monthly in-person reporting ^a |
| Started recipient search | 73 | 139 |
| Noncompliant | 19 | 55 |
| Entered employment | 14 | 17 |
| Left demonstration | 18 | 27 |
| Recategorized out of Category I | 11 | 8 |
| Continuing | 11 | 32 |
| Ever had job search monitoring visit ^b | 128 | 281 |
| Average Number of monitoring visits ^c | 2.75 | 2.29 |

Source: Client Participation Histories for the study sample population.

^aHome relief clients subject to ongoing monitoring search after this requirement was met.

^bThis includes applicant and recipient monitoring visits.

^cAverage among those who ever had visit.

Table 4.10

Comparison of Sites Using Group Components in the Treatment

| | <u>Portsmouth</u> | <u>Pensacola</u> | <u>Maine</u> | <u>Kentucky</u> | <u>San Diego</u> |
|-------------------------|---|--|--|--|---|
| Type of client: | Non-public assistance food stamp | Non-public assistance food stamp | Non-public assistance food stamp and General Assistance food stamp | Non-public assistance food stamp | Non-public assistance food stamp |
| Job club requirement | Two-week job club, including classroom job search instruction and supervised job search. Clients permitted to use job club resources after obligation was formally completed. | Four-week job club, including two weeks of classroom instruction and two weeks of supervised search, entailing 12 contacts per week. Job club followed initial job search requirement of six job contacts. | Three-week job club, including one week of classroom instruction and two weeks of supervised search. | Two-day Employability Skills Training workshop in job development skills training, followed by eight-week job search period involving bi-weekly group job monitoring meetings ("job club") | Three-week job club including one week of classroom instruction and two weeks supervised search. Clients still unemployed after job club, assigned to workfare. |
| Requirement applies to: | New applicants and recertifications. Individuals having completed one term of job club were not required to participate again even if there was a break in service. | New applicants and recertifications. | New applicants and recertifications. | New applicants and recertifications. | New applicants and recertifications. |

Source: Site proposals and evaluation contractor staff reports.

classroom activities; and must supervise the informal activities like telephone searches and employer visits.

Table 4.11 presents several overall measures of job club operations. The Kentucky treatment is included because the same variables can be measured for it as for a job club. Job clubs in Maine and Pensacola were the largest, averaging about 15 participants, while EST groups in Kentucky averaged only 6. In all sites, many registrants assigned to job clubs did not show up. Every site rescheduled some of those not showing up; by far the most rescheduling took place in Kentucky's EST program. Rescheduling was a way to get clients eventually to make up for a job club missed once, but it did not fill up the current job club. Another device designed to get better utilization of job club slots was to increase the number of clients scheduled per job club. Clearly, some sites came close to meeting their target through this device, but San Diego and particularly Kentucky did not.

Job club performance can also be measured in terms of what happened to clients. Table 4.12 presents information on clients completing job clubs, where completion is defined as entering employment, or completing the prescribed requirement (in some cases, at the discretion of the agency's job counselor). The rate of completion was far higher in Portsmouth than in the other job clubs. Yet, completion alone is not a good indicator of job club success. Many of the completers did enter employment. Completers were unlikely to be noncompliant when the job club was their final requirement. However, in Kentucky and San Diego, some were found noncompliant, because EST in Kentucky and the job club in San Diego were followed by subsequent treatment requirements. In all sites, many registrants completed the job club with no further consequences; this

Table 4.11
Measures of Job Club Operation

| | <u>Kentucky</u> | <u>Maine</u> | <u>Pensacola</u> | <u>Ports- mouth</u> | <u>San Diego</u> |
|---|-----------------|--------------|------------------|-------------------------|----------------------|
| Average attendance at a club | 6.2 | 15.2 | 14.8 | 10.3 | 8.0 |
| Show rate ^a | 33% | 61% | 43% | 65% | 46% |
| Percent rescheduling a job club ^b | 56.0 | 23.7 | 7.7 | 18.4 | 15.1 |
| Percent of target ^c | 31% | 152% | 74% | 86% | 50% |

Sources: Job Club Rosters for selected periods in Fall 1983 and Spring 1984,
 Client Participation Histories

^aShow rate defined as number attending at least one session of a job club as percent of all participants scheduled for club.

^bPercent rescheduling of those ever assigned to a job club. Data from CPHs.

^cPercent of target defined as number attending at least one session of a job club as percent of desired client volume (desired club size x number of clubs).

Table 4.12

Client Completion of Job Clubs

| | Kentucky (EST) ^a | Maine | Pensacola | Ports- mouth | San Diego |
|--|--------------------------------|-------|-----------|-----------------|--------------|
| 1. Assigned to job club | 232 | 118 | 104 | 125 | 186 |
| 2. Completed job club ^b | 126 | 54 | 34 | 91 | 85 |
| a. (2) as percent of (1) | 54.3 | 45.8 | 32.7 | 72.8 | 45.7 |
| 3. Outcomes among completers | | | | | |
| a. Noncompliant | 25 | 4 | 0 | 0 | 10 |
| b. Entered employment | 21 | 30 | 14 | 26 | 35 |
| c. Left demonstration | 16 | 2 | 0 | 1 | 4 |
| d. None of above | 64 | 18 | 20 | 64 | 36 |
| (d) as percent of (3) | 50.7 | 33.3 | 61.1 | 70.3 | 42.4 |
| 4. Did not complete job club ^b | 105 | 62 | 69 | 32 | 101 |
| a. Noncompliant | 57 | 31 | 36 | 14 | 62 |
| b. Entered employment | 5 | 1 | 3 | 2 | 2 |
| c. Left demonstration | 29 | 21 | 3 | 5 | 6 |
| d. Recategorized out of Category I | 7 | 5 | 11 | 9 | 24 |
| e. None of above | 7 | 4 | 16 | 2 | 7 |

Source: Client Participation Histories for the study sample population.

^aThe formal group activity in Kentucky began with the EST program, which is reported here instead of the normal job club in other sites.

^bMissing data on completion for one case in Kentucky, two in Maine, one in Pensacola, and two in Portsmouth.

proportion was well over a majority in Pensacola and Portsmouth. These clients complied with the requirements, but the treatment did not produce an effect visible from these data. Portsmouth assisted the largest fraction of job club participants through to completion, but was also left with the largest proportion who did not reach any outcome beyond completion.

One reason other sites had fewer completers was that they found more registrants noncompliant. Among non-completers, few were reported as entering employment, but many left the demonstration for other reasons. Failure to complete the job club could be an indicator of agency failure only if there were no valid reason for the lack of completion. There were scattered cases of non-completers without reported reasons in every site; the figure reached 15 percent of all those assigned to a job club in Pensacola, but was much smaller in all other sites.

As one further measure of job club performance, Table 4.13 reports average days of attendance per client. Among all those assigned to job clubs, the average number of days appeared low. Kentucky's EST program was scheduled for only two days, but the job clubs in other sites were planned to run for two or three weeks. Nevertheless, average job club attendance ranged between 2.5 and 5.6 days. One reason was that some job club sessions did not run the full planned time, another was noncompliance. Those found noncompliant averaged less than one day in the clubs. Those recategorized out of Category I also spent an average of only about one day. Those who entered employment averaged five days or more, except in Pensacola where they averaged only two days attending job clubs. The job club could induce employment in two ways: by stimulating those who disliked attending the job club to take jobs more quickly; and by

Table 4.13

Client Attendance at Job Clubs

| | <u>Kentucky</u> <u>(EST)^a</u> | <u>Maine</u> | <u>Pensacola</u> | <u>Ports-</u> <u>mouth</u> | <u>San</u> <u>Diego</u> |
|---|---|--------------|------------------|-------------------------------|----------------------------|
| Average days of attendance among: | | | | | |
| All assigned to job club | 1.05 | 3.61 | 2.50 | 4.94 | 5.58 |
| Noncompliant | | 0.9 | 0.6 | 0.2 | 2.6 |
| Entered employment | | 4.9 | 1.9 | 5.3 | 8.2 |
| Left demonstration | | 2.0 | 0 | 1.7 | 4.6 |
| Recategorized out of Category I | | 0.8 | 1.0 | 1.5 | 2.6 |
| None of the above | | 8.9 | 6.6 | 7.0 | 11.3 |
| Additional treatments in sites with job clubs: ^a | | | | | |
| Assignment to job search | | | 241 | | |
| Completed job search | | | 172 | | |
| Ever job search monitoring visit | 126 | | 226 | | |
| Average number monitoring visits ^b | 2.75 | | 2.68 | | |
| Employment referrals | | 7 | 25 | 75 | |
| Average number employment referrals | | 1.3 | 2 | 4.63 | |

Source: Client Participation Histories for the study sample population.

^aAveraged over those who ever had an employment referral.

^bAveraged over those who ever had a monitoring visit.

providing genuine help to make clients more successful at finding work. In Pensacola, the mean time was so short that the job club is unlikely to have assisted a large number of registrants to find a job. On the other hand, most Pensacola registrants went through the job search requirement before the job club and may have been nearly ready to find work. In the other job clubs, registrants averaged enough time to have learned a good deal about how to look for jobs. Those registrants who spent the longest time in job clubs turned out to have the lowest rate of job-finding, probably because such registrants were also least employable.

Although job referrals were not part of the prescribed treatment for job clubs, Portsmouth made 75 referrals, Pensacola 25, and Maine 7.

4.2.8 Sanctioning

As noted in previous sections, a Notice of Noncompliance usually resulted in the termination of registrants and their households from the Food Stamp Program. But, what led to the Notice of Noncompliance? Did the Notice of Noncompliance lead to a formal termination process or to voluntary departures from the food stamp rolls? For an in-depth study of the whole sanctioning process starting with Notice of Noncompliance (NNC) to Notice of Adverse Action (NAA) and to termination, the evaluation contractor conducted the Negative Action Review. All files for a sample of cases that received a Notice of Noncompliance during the first six months of Phase III were reviewed.

Table 4.14 shows the types of noncompliance that resulted in a NNC. The nature of the noncompliance varied considerably across sites. Failure to show up for the initial assessment interview led to 77 percent of the NNCs in Maine and 61 percent in San Diego, but only to 20 percent of NNCs

Table 4.14

Reasons for Notice of Noncompliance

| | <u>Applicant Model</u> | | <u>Job Club Model</u> | | | <u>Group Job Search Assistance</u> | <u>Job Club/ Workfare</u> |
|---|------------------------|---------------|-----------------------|------------------|-------------------|--|-------------------------------|
| | <u>Fresno</u> | <u>Nassau</u> | <u>Maine</u> | <u>Pensacola</u> | <u>Portsmouth</u> | <u>Kentucky</u> | <u>San Diego</u> |
| Total Number NNCs | 80 | 76 | 78 | 100 | 75 | 86 | 79 |
| 1. Did not show for registration/assess- assessment interview | 33 | 9 | 60 | 46 | 15 | | 48 |
| 2. Did not show for appointment with demonstration employ- ment unit | 2 | 12 | | 17 | 36 | | |
| 3. Failed to complete applicant search | 29 | 37 | | | | | |
| 4. Failed to make required recipient job contacts | 13 | 16 | | 2 | | 4 | |
| 5. No show for job club or other group search activity | | | 18 | 31 | 24 | 32 | 31 |
| 6. Failed to attend EST | | | | | | 50 | |
| 7. Other | 3 | | 2 | | 4 | | |

Source: Negative Action Reviews.

in Portsmouth and 12 percent of NNCs in Nassau. The contrast between Nassau and Fresno is particularly interesting because at both sites, most of those who were assessed had the interview the same day as their registration. Nevertheless, many Fresno applicants missed the assessment altogether, accounting for about 41 percent of the noncompliance in Fresno, but only about 12 percent of the noncompliance in Nassau.

In the Initial Demonstration over one-third of the noncompliance in the Food Stamp Agency and Job Club Models was for failure to attend the assessment interview. However, there were no such failures in the In-Person Registration Model because the assessment took place at the time of in-person registration.

How did agencies carry out the appropriate administrative steps following the issuance of a NNC? After issuing a NNC, the Demonstration Employment Unit was supposed to send it to the Income Maintenance Unit, which was to issue the NAA. Table 4.15 presents data on the steps in the adverse action proceedings following the NNC. In Fresno, Kentucky, and San Diego, the local agencies sent NAAs in response to over 90 percent of NNCs; the agencies in Nassau, Maine, and Pensacola, proceeded to send the NAA in 70 percent of noncompliance cases. Portsmouth stood out with only 31 percent. In Portsmouth, when many clients received an NNC near the end of a certification period, the agency did not issue a NAA, contrary to demonstration rules. The most common reason for not issuing a NAA was that the household was already off food stamps. In general, communication was adequate enough for the NNCs to have reached the Income Maintenance Units. However, the Income Maintenance Units did not always apply the rules correctly, as noted in Portsmouth, but also to some extent in Maine and Pensacola.

Table 4.15

Adverse Action Proceedings Following A Notice of Noncompliance

| | <u>Applicant Model</u> | | <u>Job Club Model</u> | | | <u>Group</u> <u>Job Search</u> <u>Assistance</u> | <u>Job Club/</u> <u>Workfare</u> |
|--|------------------------|---------------|-----------------------|------------------|-------------------|--|-------------------------------------|
| | <u>Fresno</u> | <u>Nassau</u> | <u>Maine</u> | <u>Pensacola</u> | <u>Portsmouth</u> | <u>Kentucky</u> | <u>San Diego</u> |
| Total Number NNCs | 80 | 76 | 78 | 100 | 75 | 86 | 79 |
| Number notices of adverse action sent | 73 | 51 | 53 | 71 | 23 | 84 | 76 |
| Percent of NNCs | (91.3) | (67.1) | (67.9) | (71) | (30.7) | (97.7) | (96.2) |
| Median time lag NNC to NAA (days) | 5 | 18.5 | 5 | 6 | 21 | 4.5 | 8 |
| Number fair hearing requests | 0 | 5 | 0 | 0 | 0 | 5 | 2 |
| Number food stamp benefits terminated | 72 | 42 | 49 | 68 | 22 | 49 | 68 |
| Percent of NAAs | (98.6) | (82.4) | (92.5) | (95.3) | (95.7) | (58.3) | (87.5) |

Source: Negative Action Reviews.

Issuance of the NAA was supposed to occur within 10 days of the NNC. However, in Nassau and Portsmouth the median lag was well above this. This may have resulted from slow communication between the Demonstration Employment and Income Maintenance Units or by outright delay by one of the units.

Few registrants requested fair hearings, the only requests recorded took place in Nassau County, Kentucky, and San Diego.

The NAA was followed by termination from the Food Stamp Program in 80 to 90 percent of cases, except in Kentucky. The lower percentage of terminations in Kentucky occurred for three reasons: (1) four of the five who requested fair hearings won; (2) nine clients withdrew from the Food Stamp Program; and (3) nine more agreed to cooperate with demonstration rules. The Initial Demonstration found benefit terminations of 87 percent in the In-Person Registration Model, 60 percent in the Job Club Model, and 74 percent in the Food Stamp Agency Model.

The time lags between sending NAAs and actual termination from the food stamp rolls were short. As Table 4.16 shows, the median time lag from the NAA to termination was less than one month in Fresno, two months in Kentucky, and one month in every other site. The demonstration called for a disqualification period of three months following a termination. Maine continued to use a two month disqualification period in spite of the change in regulations to three months. (Except in Maine, most termination periods did last three months.)

In summary, Food Stamp Agencies in the demonstration used noncompliance procedures extensively and terminated many clients promptly and for the appropriate length of time.

Table 4.16

Terminations

| | <u>Applicant Model</u> | | <u>Job Club Model</u> | | | <u>Group</u> <u>Job Search</u> <u>Assistance</u> | <u>Job Club/</u> <u>Workfare</u> |
|--|------------------------|---------------|-----------------------|------------------|-------------------|--|-------------------------------------|
| | <u>Fresno</u> | <u>Nassau</u> | <u>Maine</u> | <u>Pensacola</u> | <u>Portsmouth</u> | <u>Kentucky</u> | <u>San Diego</u> |
| Food stamp benefits terminated | 72 | 42 | 49 | 68 | 22 | 49 | 68 |
| Circumstances of termination: | | | | | | | |
| 1. Imposed under current certification period | 18 | 21 | 29 | 29 | 17 | 27 | 26 |
| 2. Denial of application | 43 | 19 | | | | | |
| 3. Denial of re-certification | 11 | 2 | 19 | 39 | 5 | 22 | 46 |
| Registrant already off food stamps at time of NAA | 6 | 1 | 1 | 20 | N/A | 8 | 19 |
| Median time lag NAA to termination (months) | 0 | 1 | 1 | 1 | 1 | 2 | 1 |
| Length of termination period: | | | | | | | |
| Less than 3 months ^a | 8 | 3 | 49 | 1 | 12 | | 10 |
| 3 months | 59 | 16 | | 66 | 7 | 50 | 62 |
| Average amount of terminated food stamp benefits (monthly) | \$114 | \$135 | \$87 | \$139 | \$121 | \$154 | \$80 |

^aDisqualification could be less than three months if the noncompliant household member became exempt from the work registration requirement. (Maine continued to use two-month disqualification.)

N/A = Not available.

Source: Negative Action Reviews.

Note: Data in site files was not complete on all questions on the NAR.

4.3 Analysis of Demonstration Operations, by Site

This section introduces qualitative information about operations drawn from site visits and reports by on-site observers as well as information about the characteristics of the local areas and their agencies.

4.3.1 Applicant Job Search Sites: Fresno County and Nassau County

4.3.1.1 Fresno County, California

Covering 6,000 square miles and located in the San Joaquin Valley of central California, Fresno County is an agriculturally rich area known especially for its vineyards. Fresno County has a highly seasonal labor market. The annual grape harvesting, occurring from September to November, partially explains fluctuations in the county's unemployment rate, such as the increase from 8.8 percent in September 1983 to 15.9 percent in February 1984. A large number of the 525,000 county residents are migrants who work with the harvests. Most of the county's population resides in two major cities, Fresno and Clovis, with the remainder dispersed throughout the rural agricultural areas.

Fresno had the largest number of registrants in the demonstration, averaging 805 new clients each month, over 9 times the inflow in Nassau County, the other applicant search site (see Table 4.3). The Fresno County demonstration staff included Department of Social Service (DSS) staff assigned to a unit organized specifically for the project. The staff consisted of a director, three job monitors, and an assistant. Clients entered the demonstration through one of two food stamp eligibility units: the Integrated Intake Division (IID) for new applicants and the Ongoing

Services Division (OSD) for recertification. These agencies were large, including 240 and 120 eligibility workers, respectively.

Eligibility workers determined exemption from work registration requirements, performed the random assignment, and referred treatment registrants to the Demonstration Employment Unit which was located in close proximity. Clients were assigned to one of three job monitors, who each handled a caseload of some 400 work registrants. Each monitor completed the job readiness assessment and assigned the applicant search requirement, usually on the same day as application. The proximity of offices helped, but so did a rule in Fresno requiring registrants to complete assessment within 24 hours of application or risk cancellation of the application. The primary responsibilities of the demonstration staff were to conduct assessment interviews and to monitor job contacts. The staff did little work to develop jobs for applicants. As part of job monitoring, the staff put together lists of job openings and potential employers for distribution to clients. There were virtually no referrals to jobs.

Both new applicants and clients recertifying for food stamps had to comply with the applicant job search requirement, under which they had to complete 20 job contacts within 10 days. Once clients' contacts were verified by the job monitors and clients were certified, they had to make one job contact per day for the length of their certification.

Of those clients assessed, agency staff determined that only 52 percent were job-ready and assigned these applicants to Category I. Twenty-nine percent of those assessed were assigned to Category III, the highest percent in any site. Many of these were clients who resided within Fresno County, but lived outside the city limits and/or were migrant farmworkers. According to project staff, these individuals could have

applied for food stamps at a number of satellite offices throughout Fresno County, but believed they would receive benefits sooner if they came to the main office. Early in the demonstration, these registrants were not even assessed, producing the large percent not assessed in Table 4.4. However, this procedure eventually changed as these registrants were assessed and assigned to Category III.

After completing the applicant search requirement, work registrants were assigned to recipient job search. Demonstration staff monitored Job contacts on a monthly basis and verified the contacts when they suspected that applicants falsified the contacts. In general, Fresno staff showed flexibility in their willingness to accept reasonable excuses for failure to complete all required job contacts and in modifying the length of the job search period if they felt it was appropriate. The same staff who had written the proposal for the demonstration in Fresno went on to administer the program. The demonstration staff was small and had worked together for many years; staff also saw each other socially and belonged to some of the same church and community organizations. The unit's role within the Department of Social Services was also clear. No agency changes or reorganizations occurred during the demonstration operating period.

The high level of communication that existed between demonstration staff and eligibility workers was particularly important given the large number of clients passing through the system. Eligibility workers were organized into units in both the IID and OSD, with each unit managed by a lead worker. Lead workers were responsible for providing quality control over applications and completion of Notices of Adverse Action, and for ensuring that demonstration procedures, including random assignment, were carried out properly. These workers were thoroughly trained prior to the

start of the demonstration, and regular meetings were also held between demonstration staff and lead eligibility workers to review performance and procedures.

4.3.1.2 Nassau County, New York

Nassau County had the smallest monthly flow of work registrants among seven demonstration sites. The monthly average number of work registrants was only 200, far short of the 625 stated in the proposal. The lower than expected flow of work registrants played a role in the decision to include General Assistance clients as part of the demonstration sample. The General Assistance clients, who made up 64 percent of the full sample, were generally older, poorer, less stable, and less experienced as workers; they faced higher disincentives to work than non-public assistance registrants. These factors decreased the likelihood of their becoming employed.³

Evaluation staff visiting the site found administrative difficulties as well as an ongoing failure to comply with evaluation data requirements. Nevertheless, the quantitative measures in Section 4.2 did not reveal implementation failures in Nassau. Apparently, the most severe problem was in producing evaluation data rather than in carrying out the work registration and job search requirements.

³An important consideration for the evaluation was the General Assistance program work requirements, which went beyond those imposed by the food stamp demonstration. In Nassau County, Home Relief (HR) clients were required to earn their monthly HR payment by working a number of hours (benefit payment divided by the minimum hourly wage rate). They were also required to report for their benefits in person every two weeks. The monthly food stamp job search reporting requirement was incorporated into one of these visits. Given these differences, and the original intent of the demonstration to focus only on non-public assistance work registrants, the rest of this section concentrates on non-public assistance recipients only.

The Nassau County demonstration was operated from the Employment Unit of the Nassau County Department of Social Services (DSS), located in Mineola, Long Island, the county seat. A special Food Stamp Demonstration Unit was established within the Employment Unit to oversee demonstration operations. This unit included five staff overseen by a supervisor who reported to the director of the Employment Unit. Four welfare examiners and a clerk were responsible for conducting intake and assessment, monitoring job search, and collecting data required for the evaluation. In addition, a DSS staff member was assigned to act as a liaison between the county and the evaluation contractor. It was planned that the Food Stamp Demonstration Unit, including the director of the Employment Unit, would be supervised by a project director from the New York State DSS in Albany. In practice, however, day-to-day operational authority rested with the Employment Unit director.

Individuals entered the demonstration from the DSS Income Maintenance Unit, which was responsible for processing food stamp and other public assistance applications. This unit had three components: (1) a Home Relief New Applications Unit; (2) a Home Relief Undercare Unit serving ongoing cases; and (3) a Non-Public Assistance Food Stamp Unit serving new and ongoing cases. Depending on an individual's type of assistance application, a welfare examiner in the appropriate unit interviewed the individual and determined his or her work registration status. If the applicant was not exempt from demonstration work requirements, the Food Stamp Unit referred the individual to the Income Maintenance Unit. The flow of individuals from three channels into one new program made tracking and communication of client status changes difficult throughout the demonstration.

The Nassau staff applied the applicant job search requirement only to new non-public assistance food stamp applicants and to new Home Relief clients applying for food stamps. The job search requirement called on applicants to make six verifiable employer contacts within two weeks of application. Contacts could be made in less than two weeks, but demonstration staff discouraged participants from doing so, because they felt that making contacts over a shorter period of time might result in a perfunctory effort just to comply with requirements.

Once an applicant made the required contacts, and all other eligibility criteria were satisfied, the demonstration unit certified the applicant's household for food stamps. At that point, registrants had to make 24 contacts within the subsequent 8 weeks and to report these contacts to demonstration staff in person once each month. Registrants also on General Assistance had to continue making monthly job contacts indefinitely following this eight week job search period. Registrants not on General Assistance did not have any added job search responsibilities until they were required to reregister or until they had a break in benefits and reapplied to the Food Stamp Program. At reapplication or recertification, applicants had to complete recipient job search, but not applicant job search.

In contrast to the original Nassau County proposal, the operating program placed little emphasis on counseling and job referrals. Employability readiness training sessions, originally planned for all clients, were never held. Referrals were infrequent, although agency staff did refer some of the General Assistance clients participating in the demonstration to DSS' Job Assistance and Development Unit for assistance.

The Nassau County program operated chiefly to provide close monitoring of applicant and recipient job search efforts.

Virtually all treatment registrants were assessed. The assessment generally took place on the day of application. Furthermore, the fact that the agency classified all applicants as job-ready (Category I) reflected the policy of the Nassau County DSS. As stated by the department's commissioner, DSS's primary mission was to reduce clients' dependence on welfare and public transfer payments.

During the assessment interview, the agency job counselor scheduled an appointment two weeks later at which Category I registrants were to report the results of their job search efforts. As Table 4.8 showed, although only 16 percent of the work registrants assigned to applicant job search were denied certification for failure to comply with this requirement, many other clients did not complete applicant search. The data indicate these other clients left the demonstration either because of noncompliance or for other reasons. As noted above, the indication of noncompliance was almost certainly an error, since technically such applicants could not have been noncompliant because they had not yet been certified. Probably, most leaving the demonstration at this stage were never certified. Along with failure to complete applicant search, these cases were not certified because the client simply did not return after the initial application. Many clients did not have all the information required for eligibility determination—such as proof of income—available at the initial interview and could not be certified until they produced it. Certification denials, therefore, could have been due to incomplete applications as opposed to avoidance of the applicant job search requirements.

Clients completing applicant job search and those requesting recertification for food stamp benefits faced the recipient job search requirement: registrants had to make 12 job contacts during two four week intervals and to report the contacts to the Demonstration Unit. As in the case of applicant job search, demonstration staff monitored contacts through in-person interviews with registrants.

Although overall responsibility for the demonstration rested with the New York State DSS project director in Albany at the local level, day-to-day responsibility was spread across a number of individuals, including a project liaison, the director of the Employment Unit, and the demonstration supervisor. The director of the Employment Unit reported to the Albany project director for purposes of the demonstration only; within the Nassau County welfare agency, the role of this unit was ambiguous. A reorganization that occurred during the demonstration operating period did little to clarify this situation. After months of late and incomplete reports from demonstration staff, the Albany project director assigned a project liaison officer to assist in meeting the evaluation data collection and reporting requirements. Nevertheless, the Monthly Progress Reports on Nassau County were particularly incomplete. This complicated the task of the evaluation contractor in monitoring the ongoing progress of the site.

4.3.1.3 Summary of Applicant Model Sites

In spite of the difficulties observed at both applicant sites, the quantitative measures indicate that both local agencies implemented the applicant model effectively. In Fresno, few clients failed to receive the appropriate treatment. In Nassau, administrative procedures did not seem orderly and data forms for the evaluation were not completed properly;

nevertheless, qualitative evidence suggests that clients either completed the prescribed treatment or left the demonstration.

The applicant search model was in many respects easy to administer. Much of the responsibility for carrying out both the applicant and recipient search requirements rested with the clients. Basically, the demonstration unit had to assign clients to the treatment, schedule the job monitoring visits, and initiate noncompliance proceedings when appropriate. Agency staff carried out these activities adequately, whatever the sites' other shortcomings. In spite of the observed problems with Nassau County's administrative apparatus, its Food Stamp Agency was able to implement the requirements effectively. The applicant sites were particularly effective in starting the applicant treatment promptly; they held the assessment interviews immediately and assigned clients directly to applicant search. The applicant treatment had similarities to the In-Person Registration Model in the Initial Demonstration. Both were easy to administer in that responsibility for carrying out the requirements rested largely with the registrants themselves. Moreover, contact was established early with registrants. However, the In-Person Registration Model depended on the separation between the FSA and the SESA while the applicant treatment was designed to be administered wholly by the FSA. The result was that virtually all applicants either fulfilled the search requirement, faced sanctions for noncompliance, or left the program on their own.

4.3.2 Job Club Model Sites: Maine; Pensacola, and Portsmouth

All five remaining sites had a treatment that included some form of group activity. In Maine and Portsmouth, a job club was the only treatment; the Pensacola Food Stamp Agency assigned registrants to job

clubs after they met their job search requirement. This section concentrates on these three sites, where the job club was the principal treatment. The next section will take up Kentucky, which had a group job search assistance approach and where the planned job club approach turned out to resemble a job search model, and San Diego, where Workfare was a major part of the treatment alongside the job club.

4.3.2.1 Portland, Augusta, and Lewiston, Maine

The Maine program used a three-week job club that mixed classroom training and supervised job search. The clubs ran in five cities: Portland, Augusta, Lewiston, Bangor, and Presque Isle.⁴ The Maine Department of Welfare Employment (DWE) operated the Demonstration Employment Unit, under the supervision of the Deputy Commissioner of the Department of Human Resources. The DWE was a relatively new agency, whose primary mission before the demonstration was operating the Welfare Employment, Education, and Training (WEET) program for AFDC recipients. The demonstration was regarded as an expansion of the WEET program to a different population: the WEET manager oversaw each of three offices, which were run by a WEET specialist and a human services aide. The Food Stamp Agency made referrals to the demonstration and was also responsible for sending out Notices of Adverse Action to work registrants after being informed of their noncompliance by demonstration staff.

In Portland, during Phase III, Income Maintenance Unit and job club staff moved to the same building. Prior to this move, the job club had been located a mile away. Staff spoke of greatly improved communication

⁴Bangor and Presque Isle were not included in the evaluation because of the low number of applicants at those sites.

between the two units after they were co-located. "Back to back" interviewing could be done as a result of the move: once a client applied for food stamps and was determined work eligible, the eligibility workers would send the applicant immediately to the demonstration. The Lewiston Food Stamp Office was located a mile away from the job club office, and in Augusta, the two were a block apart. Communication between the Income Maintenance Unit and Demonstration Employment Unit was limited, in part, in both places by the distance between the offices.

The Maine job club came from a model developed by state DWE staff. The club began with a week of classroom instruction in job search. The club devoted the next two weeks to having registrants make telephone calls and go to job interviews, with periodic get-togethers to share experiences. During Phase III, new job clubs began monthly. Prior to that, when they began only once every six weeks, substantial backlogs of registrants awaiting job clubs developed in the Portland and Lewiston offices.

Maine's philosophy toward work registration stressed employability development rather than sanctioning for noncompliance. Job clubs serving AFDC clients on a voluntary basis were already operating in other regional offices, and were considered successful. Maine officials believed that a "positive rather than punitive" approach had worked with those job clubs and expected similar successful results with food stamp work registrants. As a result, the demonstration staff initially tended to assign to job clubs only those registrants they felt were likely to benefit from participation. In Phase III, after substantial pressure from the FNS, two of the three sites began assigning to the job club all able-bodied registrants who had no substantial barriers to employment. This explains why Maine was the only site where a substantial number of registrants

initially assigned to other categories were recategorized into Category I (see Table 4.5).

The average monthly flow of clients into the demonstration across all three offices was 668, 392 of whom were assigned to the treatment group. Portland was the largest site. Initially, Maine showed low fractions of clients assessed and assigned to Category I. However, according to the final figures on assessment, the change in policies brought Maine back in line with other sites (Table 4.4). Only 39 percent were initially assigned to Category I; after the recategorization, 52 percent were at some time in Category I (Table 4.5).

Maine had long time lags between application and assessment and between assessment and treatment (see Table 4.7). On the other hand, attendance at the job club in Maine was higher than at other sites (Table 4.11). In fact, Maine reached an attendance figure higher than it had originally planned. Maine's proportion of participants who completed the job club was about average for the demonstration. Among completers, however, the fraction who left the demonstration because of employment was higher in Maine than at other sites. Although the philosophy of Maine officials was initially against sanctioning, agency staff in Maine did not hesitate to find clients noncompliant. One indication was that, among those not completing the job club, Maine had the highest fraction of noncompliant cases.

In Maine, the distance between Income Maintenance and Demonstration Employment offices probably accounted for some of the long time lags between application and assessment. In Lewiston, the offices were separated by as much as a mile. Eligibility workers in Lewiston were well trained in demonstration procedures, but ongoing work took precedence. In

Augusta, staff were not as well trained and communication was infrequent. Additionally, the low numbers of demonstration registrations reduced the priority of the program in the eyes of many staff.

In the largest office, Portland, the move of demonstration staff and eligibility workers to the same quarters during Phase III facilitated the scheduling of assessment interviews immediately after a client registered for work, and improved the tracking of clients through the job club requirement. Unfortunately, a staff shortage at the Portland demonstration office reduced the beneficial effects of this organizational arrangement. As an example, job clubs had sometimes to be rescheduled because staff could not handle the volume of client flow.

4.3.2.2 Pensacola, Florida

The Pensacola Food Stamp Agency operated the demonstration together with the local State Employment Security Agency (SESA), which received a subcontract from the Florida Department of Health and Rehabilitative Services (HRS). The HRS proposal to FNS called for applicant job search and a combination of job search and job club requirements for non-public assistance food stamp recipients. The original proposal did not specify the city and subcontractor.

Applicant job search was never implemented in Pensacola's demonstration. Instead, the FSA referred treatment group registrants to the SESA office, which was to monitor the compliance of registrants with a requirement to make six job contacts over two weeks. The SESA office staff was to assign those failing to find employment during the search period to a four-week job club. Job search was not a condition of certification, but could begin before a client was certified if certification did not take

place at application. The FSA and SESA offices were only a few blocks apart, and communication was frequent, both by telephone and memorandum. Food Stamp Agency administrators were active in decisions regarding the demonstration. This was particularly important during a period of substantial staff turnover at both agencies.

The SESA demonstration staff consisted of a supervisor, three employment interviewers, two interviewing clerks, an employment counselor, and a clerk-typist. The employment counselor led the job clubs, while one of the interviewers monitored the telephone bank.

Initially, many registrants had to wait for job clubs to begin, but the backlogs declined during Phase III, producing a smooth flow of registrants into the scheduled job clubs. Also during Phase III, registrants with part-time jobs were excused from the job club and assigned to an additional eight weeks of job search. This was done to avoid jeopardizing a registrant's employment by requiring job club daily attendance.

The Pensacola job club consisted of one week of classroom instruction, one week of telephone/supervised job search, and two weeks of independent job search, during which participants were required to make 12 job contacts each week. In Phase III, the job club director increased the employer contact requirement to 40 calls per day. Some evidence indicated that this number imposed a burden on job club participants, who became discouraged with the number of calls to be made, and on area employers, who became increasingly disgruntled from the numerous calls from job club participants. One reason for the impact on employers may have been the existence of similar programs requiring employer contacts that were operating in Pensacola. The Pensacola staff categorized three-quarters of those assessed as Category I. However, it also recategorized a large

number of registrants out of Category I, mainly because of their language problems. Most of the Category I registrants received an assignment to the job search treatments (see Tables 4.5 and 4.6). Concerning the timing of procedures, there was a lag between application and assessment. However, at the assessment the assignment to treatment usually took place immediately (see Table 4.7). The first treatment, usually a job contact requirement, could begin without delay. In the early part of the demonstration, there were some delays in assigning registrants to job clubs. When job club openings were not available for registrants completing job contacts, they were assigned to extended search.

The rate of completion of the Pensacola job club was the lowest in the demonstration. The proportion not completing job clubs without valid reasons was 15 percent, the highest of any site. Most who completed the job club remained on food stamps, apparently without entering employment. Although Pensacola was quite effective in processing registrants up to the job club, they had less success in stimulating people to complete the job clubs or to find jobs upon completion.

4.3.2.3 Portsmouth, Virginia

Portsmouth, Virginia is a city of 104,000 people, of whom 45 percent are black. The area's major industries include ship repair (the U.S. Naval Shipyard at Norfolk is one of the largest in the world), manufacturing, and tourism. During the demonstration, Portsmouth enjoyed a period of economic recovery. At the time of submission of its proposal to FNS in the fall of 1982, the site's average unemployment rate was 9.7 percent. By the end of Phase III, in June 1984, unemployment had fallen to 6.5 percent.

Portsmouth's job club differed from that developed by Dr. Nathan Azrin which was a behavior modification model. However, it did start from the premise that everyone was employable and aimed at employing registrants more quickly and at higher salaries than would otherwise be possible. Job clubs were held at two locations. Each job club lasted two weeks. The job club's counselors encouraged registrants to lend one another support and help each other in job search attempts. Portsmouth's job clubs utilized job referrals more than the other job clubs did. Counselors identified and made calls to prospective employers, helped with resume writing, set up interview appointments, and sometimes accompanied clients to interviews for support. The city loaned a car and driver to the program to drive clients to job interviews.

Staff believed in the job clubs and encouraged those who had failed to show up to return to the job clubs, sometimes even by visiting their homes. Once a registrant had completed the job club obligation, however, the FSA did not require further participation, even for those registrants who experienced a break in service or who were recertified.

Graduates who had not found work were nevertheless encouraged to return to use the telephones or talk to counselors. Apparently, some graduates did continue to use the facilities. In addition, during Phase II of the demonstration, some of those not required to comply with demonstration requirements enrolled in job clubs on a voluntary basis. These policies reflected staff commitment to improving registrants' employability.

A former food stamp eligibility worker headed the project and gave it strong leadership and direction. Her experience facilitated communication between the Income Maintenance and Demonstration Employment Units.

Referrals to the demonstration came from either the recertification unit of the DSS or its new applications unit; these units referred only non-public assistance food stamp recipients.

Roughly two-thirds of all Portsmouth's work registrants were food stamp recipients applying for recertification; this was a much higher proportion than at other sites (see Table 4.3). Of those assessed, the FSA categorized just over half as job-ready, despite its use of a model based on the premise that everyone should be considered employable. It used broader criteria for Category III, including "Registrant has an apparent disability, or the combination of age and lack of employment skills pose a barrier to employment". Staff classified in Category I and assigned to job clubs only those clients they felt would benefit from participation. However, of those actually placed in Category I they assigned 93 percent to a job club.

Portsmouth's job clubs attained the highest completion rates in the demonstration. On the other hand, Portsmouth was least successful in causing clients to leave the demonstration, either for employment or other reasons.

Portsmouth's program appeared well coordinated and administered. Despite the number of offices participating, communication was usually smooth. The project director played a very active role in day-to-day operations and was well informed about the demonstration's performance.

4.3.2.4 Summary of Job Club Sites

The job club sites had implementation problems early in the demonstration, especially backlogs of registrants awaiting assignment to a job club,

but solved the problems during the demonstration. Few administrative shortcomings appeared in the implementation of the job club model.

The agencies operating job clubs did differ in their philosophies and procedures. The Client Participation History data provided some indications of how these differences influenced the intensity of treatments and selected outcomes.⁵ The most notable difference in outcomes was the smaller success of Portsmouth in inducing registrants to exit from the food stamp rolls. Portsmouth had a very supportive philosophy; its staff assisted registrants through the job club treatment with only limited use of sanctioning. While Maine also began with a supportive model, it did not hesitate to find clients noncompliant. Portsmouth's job club was the shortest, lasting only two weeks. The other clubs were scheduled for three and four weeks, although job clubs did not always run their scheduled length. Indeed, the average non-completer stayed only a few days.

4.3.3 Group Job Search Assistance: Kentucky

The Request for Proposal by the Food and Nutrition Service suggested that sites could design an alternative approach to the three proposed models for work registration and job search. Kentucky proposed an alternative model that called for a two-day Employability Skills Training (EST) session that would be followed by what was called a job club but which in fact entailed monitored job search. Four counties (Madison, Clark, Powell, and Estill) were to participate in the demonstration and serve only non-public assistance food stamp registrants. EST sessions were

⁵See Chapter 5 for more systematic estimates of how job club and other demonstration treatments affected outcomes.

scheduled at one central location. The job clubs were to operate in each of the four county locations.

All four of the demonstration counties were rural and agricultural. The labor market was seasonal and poor. In 1983, unemployment was 20 percent during the winter, and dropped to 10 percent as the weather improved and jobs opened up in tobacco, service, and construction industries. Illiteracy and extreme poverty were much more prevalent in Kentucky than at other sites.

During the implementation phase, a considerable backlog developed for the centralized EST sessions. Too few sessions were scheduled to deal with the caseload and numerous registrants were rescheduled because of their transportation problems. In addition, because of the area's high unemployment rate, questions arose about the applicability of a job search training and peer support model to local food stamp recipients.

Early in September 1983, representatives of FNS met with key staff of the Kentucky site in Louisville to resolve the problems. As a result of the decisions made then, the project in effect began anew in October 1983. The first change in the demonstration restricted the program area to two counties, Clark and Madison, in order to concentrate program and staff resources on these areas. The second change expanded EST sessions to two locations, one in each county, so that registrants could more easily travel to the sessions. The number of EST sessions per site expanded to reduce the backlog of registrants.

Eligibility workers conducted an informal screening of registrants at eligibility determination, in place of the more formal assessment and categorization process conducted at other sites. Registrants who were illiterate, or who had transportation difficulties, were exempted from EST

sessions and assigned directly to a job club. The eligibility workers generally recorded these items on the work registration form which was forwarded to the case worker in the Demonstration Employment Unit for scheduling.

Following the two days of the EST sessions, there were to be eight weeks of job search with biweekly group meetings, referred to as the "job club." The Kentucky job club differed considerably from the models implemented at other sites. Biweekly group meetings were small (consisting of an average of 3 to 7 registrants), conducted by staff inexperienced in running such group meetings, and tended to last no longer than 15 minutes. The primary activity during these meetings was the reporting of job contacts by registrants. Twenty-four contacts were required over the eight-week period. Registrants were not required to remain with those entering the job club in the same cohort, but could enter and exit job club groups freely.

Kentucky's Department of Manpower Services (DMS), a branch of the Cabinet for Human Resources, operated the EST. The local Food Stamp Agency in each of the two counties referred registrants to the Demonstration Employment Unit in each county. DMS was selected to operate the Demonstration Unit because of its experience in conducting CETA Employability Skills Training and because of its prior involvement in administering food stamp job search requirements.

Originally, state officials decided to run the demonstration by relying almost totally upon existing resources. Therefore, until the intervention by FNS in October 1983, staff committed to other ongoing projects ran the demonstration activities. Following this time, local Food

Stamp Agencies assigned full-time project case workers to the project, and the Department of Manpower assigned staff to conduct the EST sessions.

In spite of the difficulties, the flow of registrants through the demonstration operated relatively smoothly after October 1983.

4.3.4 Job Club/Workfare: San Diego, California

San Diego operated a unique program that combined a job club and Workfare. Workfare had been an ongoing feature of California employment programs for public assistance recipients since 1979. The demonstration added job club participation as a requirement. San Diego County, with a population of 1.8 million in 1982, is in the southwestern corner of the United States, bordering the Mexican state of Baja California to the south and Los Angeles County to the north. The county includes a crowded beach area to the west and a sparsely populated desert area to the east. The area's economic base depends on the U.S. Navy, shipbuilding, agriculture, tourism, and manufacturing. During Phase III of the demonstration, the average unemployment rate was 7.2 percent.

San Diego City and County have been sites of past national demonstration programs. In 1982, San Diego tested California's Proposed Alternatives to Welfare Dependency. Through the WIN registration program already in place, recipients were subject to intensive job search and work experience. As a result, demonstration staff were perhaps the most experienced of all the seven sites in operating employment programs.

In San Diego, non-public assistance work registrants assessed as job-ready were to begin to fulfill their job search requirement by participating in a job club. The job club sessions ran for three weeks; the first week provided classroom job search training and the second two

consisted of telephone contacts with employers and job interviews. Registrants still unemployed after completing the job club were assigned to a Workfare site. Over 500 Workfare sites supplied work positions--most of the positions were under existing arrangements established with local public or private non-profit agencies. Workfare was an obligation that continued as long as a registrant was not employed full-time.

The Employment Services Bureau of the San Diego Department of Social Services Workfare Division operated the demonstration job search treatments. Job clubs were held at six demonstration locations serving nine local Food Stamp Agency Offices. A counselor and a clerk worked at each of the six job club offices. The job club supervisor overseeing these staff reported to the program director in the Workfare Division. Each of the local Food Stamp Agency Offices also had a job development counselor who handled Workfare assignments for both regular food stamp and demonstration registrants and who initially handled job readiness assessment and categorization. Beginning in January of 1984, job club staff took on the responsibility for assessment and categorization and began referring both work-ready registrants and registrants completing their job club obligation without finding employment back to the local FSA office for a Workfare assignment. Local eligibility workers handled all sanctioning procedures once they received notice of the registrants' noncompliance from the job club clerks.

The types of registrants served by job clubs varied according to the location of the office referring clients. The County Operations Center job club took referrals from two Food Stamp Agency Offices, one of which served the city beach area and an adjacent neighborhood where clients were generally young, transient, and dependent on food stamps for short periods

of time. The other was located in an industrial area and served primarily Vietnamese refugees.⁶ The El Cajon job club, east of San Diego City, served registrants of that town who were predominantly working, lower middle class, and white. The Oceanview club's registrants were referred from two offices that included the poorest and most ethnically diverse population. One served most of the black population in the county, and the other covered most of the General Relief population.

The South Bay job club, located in Chula Vista, received registrants from a Food Stamp Office one mile from the Mexican border. This group included many AFDC and food stamp families with language and transportation barriers to employment. The Escondido job club served registrants from Escondido, a rural community with a large proportion of Mexican-Americans and Native Americans, and from Northeast, the most affluent area.

The data in Section 4.2 reveal no serious implementation problems relating to the flow of registrants through assessment and job club activities in San Diego. This section now presents the data on the Workfare component of the treatment. Only one work registrant, the "prime designee" from a household with more than one work registrant, had to complete the Workfare obligation. In households where there was more than one work registrant, the household could choose the member to complete the obligation. Registrants assigned to Categories II and III generally had transportation, language, and/or medical problems. The Food Stamp Agency did not assign to Workfare those registrants who had medical problems or who would have had transportation problems traveling to Workfare sites. The transportation problem was not particularly prevalent because Workfare sites were developed all over the county. Registrants with medical

⁶Not subject to demonstration

Table 4.17
Workfare in San Diego

| | |
|--|-----|
| Category I | 205 |
| a. Assigned to job club | 186 |
| b. Completed job club | 85 |
| c. Assigned to Workfare | 74 |
| d. Completed job club and assigned to Workfare | 65 |
| Categories II and III | 47 |
| a. Assigned to Workfare | 30 |
| Total assignments to Workfare (1c and 2a) | 104 |
| a. Completed Workfare | 68 |

Totals from Client Participation History sample

problems that were not readily confirmable were referred to Workfare but placed low on the priority list.

As Table 4.17 indicates, based on the CPH sample, 65 of the 85 or about three quarters of the Category I registrants who completed the job club were assigned to Workfare. Virtually all of the remaining 20 completers entered employment. A few Category I registrants were assigned to Workfare without completing the job club (excess of line I c over line I d). Of those assigned to Categories II and III, 64 percent were assigned to Workfare. Workfare clients who entered employment are included among those who completed Workfare (22 percent of completers). The remainder of those who completed Workfare were those who finished their certification or recertification period in compliance with Workfare requirements, but without finding jobs. Most of those assigned, but who did not complete Workfare, left the demonstration following noncompliance.

Because demonstration staff had no organizational control over Workfare staff, and Workfare staff were not fully trained in demonstration rules, some problems in communication occurred.

By and large, however, the project director retained tight control over demonstration operations in spite of the large number of offices involved. Because his office administered a parallel program for AFDC recipients, he and his supervisory staff were in the field frequently to monitor operations. The low turnover under the program was another factor that facilitated performance tracking and appropriate client flow through the demonstration.

5.0 IMPACT OF JOB SEARCH TREATMENTS ON JOB SEARCH INTENSITY, EMPLOYMENT AND EARNINGS, AND FOOD STAMP BENEFITS

5.1 Introduction and Summary of Main Demonstration Effects

The primary purpose of job search requirements in the Food Stamp Program is to stimulate work registrants to find jobs through increased earnings so the Federal government can reduce their dependency on the Food Stamp Program. A second purpose is to identify registrants unwilling to undertake a genuine effort to look for work and to remove those persons from the Food Stamp Program.

Can job search requirements operated by Food Stamp Agencies achieve these goals? In what ways do the requirements and associated job search assistance affect registrants—by raising employment and earnings, by sanctioning those not complying with the requirements, or both? What are the magnitudes of the effects on registrants' intensity of job search, on their employment and earnings, on their Food Stamp Program participation, and on their food stamp benefits? Do the impacts occur as a result of involvement in a job search, Workfare activity, or for other reasons?

This chapter develops answers to these questions in the context of the job search procedures tested in the Expanded Food Stamp Work Registration and Job Search Demonstration. The chapter then compares the results with those obtained on the initial part of the demonstration. A summary of the findings appears in Table 5.1. Figures 5.1 and 5.2 show the time patterns of employment and food stamp benefits for treatment group and control group food stamp work registrants.

The pattern of results revealed that:

- the demonstration treatments exerted a significant, positive influence on the intensity of job search and on employment and earnings; the treatments also produced significant reductions in

participation in the Food Stamp Program, in food stamp benefits received, and in total transfer benefits paid to registrants;

- impacts varied substantially by site in ways that differed by outcome; for example, in Fresno, the treatments increased earnings significantly, but had little or no effect on denials and terminations or on food stamp benefits; the most consistent effects took place in San Diego, the Kentucky counties, the Maine counties, and Nassau County;
- treatment and control group work registrants applied for food stamps at a low point in employment and income; on the basis of evidence from control group trends, food stamp registrants would have attained higher employment and would have received lower benefits almost immediately after application, even without work requirements; nevertheless, the job search treatments made a difference by increasing the size of the earnings gains and benefit reductions;
- treatment status reduced food stamp benefits and total transfers during the fifth and sixth months after application; food stamp benefits declined by \$16 for men and \$30 for women while total transfers fell by \$54 among men and \$58 among women; effects were lower (probably zero) during the first three months after application, yet the evidence suggests that the effects on benefits would extend beyond the period five months after application;
- most of the increases in earnings and reductions in benefits took place among those who did not actually report job contacts, attend a job club, or work in a Workfare site; however, the reason for this pattern was that those treatment group members who did not participate in a job search activity were generally more capable workers than those who did participate; estimates derived from an approach that controlled for registrant characteristics indicated that the job search components themselves did help raise earnings and reduce benefits; and
- the effects of demonstration treatments on total household income were generally positive, but not statistically significant; only in Fresno were the income gains associated with treatment statistically significant.

How do these findings compare with results from the initial stage of the demonstration? The initial stage indicated that, even during a sharp downturn in the economy, work registration and job search procedures can produce significant effects. All the treatment models increased the fraction of registrants removed from the Food Stamp Program for noncompliance with demonstration rules. Two of the three models reduced food stamp benefit

Table 5.1: Summary of Effects of Treatment by Site and Sex During the Fifth and Sixth Months After Application for Food Stamps

| | Earnings | Percent of Denials/ Terminations | Food Stamp Benefits | Total Transfers |
|-----------------------------|----------|--|------------------------|--------------------|
| <u>Males:</u> | | | | |
| Control Group Means | \$1,080 | 9.4 | \$156 | \$497 |
| Effect, All Sites | +210*** | +17.9*** | -\$16* | -54* |
| Applicant Job Search | | | | |
| Fresno | +110*** | +3.4 | +16 | -176 |
| Nassau County | +130 | +6.4 | -64* | -194* |
| Job Club | | | | |
| Pensacola | +213 | +19.0*** | +14 | +69 |
| Maine | +111 | +26.9*** | -17 | +1 |
| Portsmouth | +363* | +16.7 | +18 | +23 |
| Group Job Search Assistance | | | | |
| Kentucky | +78 | +30.0*** | -34* | -42 |
| Job Club/Workfare | | | | |
| San Diego | +284* | +21.6*** | -70*** | -222*** |
| <u>Females:</u> | | | | |
| Control Group Means | \$146 | 9.5 | \$173 | \$542 |
| Effect, All Sites | +56*** | +8.2*** | -30*** | -58*** |
| Applicant Job Search | | | | |
| Fresno | +156** | -0.2 | -23 | -126** |
| Nassau County | +39 | -0.1 | -13 | -66* |
| Job Club | | | | |
| Pensacola | +36 | +2.7 | -15 | +3 |
| Maine | -21 | 18.8*** | -57*** | -96 |
| Portsmouth | -62 | 35.9* | -12 | -76 |
| Group Job Search Assistance | | | | |
| Kentucky | +96*** | +21.7*** | -33* | -61 |
| Job Club/Workfare | | | | |
| San Diego | +233*** | +6.1 | +60*** | +12 |

Note: The control group means for earnings, food stamp benefits, and total transfers are predicted values of registrants with average characteristics, on the basis of tobit equation estimates. Terminations and denials cover cumulative impacts from application through six months after application. The ***, **, and * represent significance at the .01, .05, and .10 percent levels.

Source: Tables 5.9, 5.11, and 5.15.

payments and, in some cases, raised the employment and earnings of registrants.¹

The work registration and job search treatments implemented in the Expanded Demonstration differed somewhat from the Initial Demonstration treatments. First, responsibility for program administration in the expanded stage rested with the Food Stamp Agency in all sites. In contrast, eight of the sites in the initial stage were operated by the local State Employment Security Agency. Second, in addition to job search and job club components, the expanded stage also tested an applicant job search approach and a combined job club/Workfare approach. Third, each site had the option to develop its own approach to job search requirements.

Perhaps most important, the two stages of the demonstration were implemented in dramatically different economic circumstances. The second stage of the demonstration operated during a rapid economic expansion. Between July 1983 and March 1984--the period during which registrants participating in the demonstration were to search for jobs--employment grew at record rates. The nation added nearly 3 million jobs, lowered the number unemployed by over 1.8 million, and reduced the unemployment rate from 9.3 to 7.7 percent during this 9 month period. In contrast, between April and December 1982, when the initial stage of the demonstration took place, employment declined by 400,000 and unemployment rates rose from 9.3 to 10.8 percent, reaching the highest levels since the Great Depression.

Given the experimental design of the demonstration, both treatment and control group registrants at a given site faced the same labor market

1A review of treatment effects from the first phase of the demonstration appears in Chapter 2. For a detailed discussion of these impacts, see Final Report: Evaluation of the Food Stamp Work Registration and Job Search Demonstration. Waltham, MA: Brandeis University and Abt Associates, Inc., June 1985.

opportunities in each period. Thus, the impact estimates capture the effects of the demonstration treatments as distinct from the effects of the job market. However, this does not mean the economic environment is irrelevant or unrelated to the effects of requiring job search. In some ways, one would expect that job search treatments would exert larger impacts during periods of economic expansion as opposed to recession. When the number of jobs is increasing, persuading registrants to search for job is probably easier because job search is more likely to pay off in terms of increased employment. As a result, the savings from close monitoring of those not complying is probably higher. Alternatively, job search requirements might accomplish less in expanding economies because, during such periods, more employable adults are less likely to apply for food stamps. Since, in this setting, the group exposed to treatment would include more registrants with weak employment potential and limited prior work histories, the impact on employment and subsequent food stamp benefits might work out to be smaller in periods of economic growth than in sluggish or declining times.

Thus, the sensitivity of the treatment effects to economic circumstances is an empirical question. A direct comparison between the initial and expanded stages of the demonstration cannot resolve the issue, largely because of the problem of distinguishing effects of different demonstration treatments as distinct from the effects of the different labor market conditions. Nevertheless, it is of interest to note that, with the addition of the second stage results derived in this chapter, there is now evidence that (1) job search treatments have exerted significant effects on earnings and on food stamp benefits during both extremes of the business cycle, and (2) Food Stamp Agencies can administer job search procedures effectively. The rest of the chapter explains how the estimates of treatment effects were derived and

presents the estimates in considerable detail. The next section provides a general discussion of the kinds of impacts that were expected to arise. After the presentation of the methodology and the data, Section 5.4 describes the work histories and the personal and family characteristics of registrants who entered the demonstration as well as the composition of analysis samples. Section 5.5 discusses the content of the job search requirements. Sections 5.6 through 5.10 report the estimates of treatment effects on the intensity of job search, employment and earnings, food stamp terminations, food stamp benefits, and overall family income. These estimates answer the primary question: for the average food stamp applicant who was not exempt from work registration requirements, what was the impact of being assigned to treatment status and thus having faced job search requirements?

Section 5.11 assesses the effects of the components of treatment, such as job contacts made, the attendance at job clubs, and working at a Workfare job. Since random assignment did not determine the degree of a registrant's involvement in one or another component of treatment, groups experiencing treatment may have different outcomes from others because of differences in personal characteristics or because treatment components were different. This is one reason that it was difficult to derive reliable estimates of effects of individual components.

Section 5.12 interprets the pattern of treatment effects across sites in light of findings from Chapter 4 on site variations in the implementation of the job search requirements.

5.2 The Expected Impacts of Demonstration Treatments

In recent years, economists have come to recognize the role of job search behavior in explaining unemployment.² The basic idea is that workers decide whether to accept a job offer or continue searching for another job by comparing the marginal costs of additional search with the expected present value of benefits from obtaining another job in the future. Studies have indicated that transfer programs, such as unemployment insurance, tend to lengthen the period of job search by replacing the earnings workers forego when not accepting a new job. The Food Stamp Program could exert a similar influence, since it also lowers the costs of job search.

Lowering food stamp benefits could be one way to raise the costs of extending job search, yet such actions would likely weaken the adequacy with which the Food Stamp Program meets the nutritional needs of the low income population. Work registration and job search provisions are an alternative approach that could influence employment in various ways. Requiring that work registrants make job contacts with employers (before and/or after certification) or attend job clubs would raise the costs of job search. The requirements would increase the time that recipients spend with agency officials and would stop the benefits to a household where a work registrant refused to accept a job offer. The provisions would also raise the costs of not looking for work at all since those who did not make job contacts would face a termination of their household's benefits. Treatments might also increase the efficacy and intensity of the recipient's job search by teaching them how to look for jobs, by improving their ability to connect with employers, and by threatening to sanction the households of registrants.

²For reviews of the job search literature, see Lippman and McCall (1976) and Mangum (1981).

who did not make the required job contacts or attend job clubs. Any of these effects could lead to an increase in the employment and earnings of registrants and, in turn, to a reduction in their food stamp payments. However, components of treatment that teach registrants improved job search techniques could also actually lengthen job search periods. Job clubs might make registrants more aware of the possibility that spending more time looking for a job could improve his or her chances of finding a better paying job in the future.

Differences in the timing and intensity of treatment could also influence the pattern of employment outcomes. For example, one would expect that requiring food stamp applicants to make job contacts as a precondition for certification (as in the Nassau and Fresno County sites) might cause them to look for jobs earlier than those subject to a job contact requirement after certification. Since the job club is a more intensive treatment than the job contact requirement, one would expect that attending a job club would induce a larger increase in job contacts with employers than would the job contact requirement. As noted above, job club participation might lengthen job search among registrants, given the job club's tendency to encourage participants to learn about a wide range of jobs in the market and to channel their job search toward jobs for which they are best suited. One would expect those facing both a job contact and a job club requirement (as implemented in Pensacola) to increase their job search efforts most. Finally, those subject to a Workfare requirement (an approach used in San Diego) could accelerate job search to avoid having to work on an unpaid public job or, alternatively, could suspend search for unsubsidized employment once assigned to a Workfare site.

For any of the specified treatments, impacts could also arise from extensive monitoring and sanctioning activity that accompanied the

demonstration job search treatments. To the extent that work registrants were unable or unwilling to comply with the job contact, job club, or Workfare requirements, agency staff could terminate registrants from the food stamp rolls and eliminate their food stamp benefits for up to ninety days. Such effects would assure program integrity and save government dollars, though potentially at the expense of reduced incomes for recipient families. Moreover, some households which lost benefits might have encountered obstacles in having their registrant appear at interviews with job counselors or attend job clubs. The registrant may have been unable to attend meetings, job club sessions, or a Workfare job for justifiable reasons, yet the Food Stamp Agency workers may have decided the excuse is inadequate and terminated the household from the food stamp rolls. Alternatively, once terminated from the Food Stamp Program, former recipients might pursue employment more urgently and become employed at a higher rate than had they not been exposed to treatment.

Looking closely at the timing of employment and food stamp benefit patterns is crucial to an understanding of the impacts of treatment. In general, registrants are at a low point when they apply for food stamps; they exhibit much higher employment and earnings before and after their application. Thus, many registrants would become reemployed within a few months with or without work registration and job search treatments. An important task of the evaluation was to determine whether treatments sped the transition to jobs and/or increased the number who became employed within six months after application.

Another interesting question was: which treatment components were most effective in raising employment and reducing food stamp payments? This question was difficult to answer because of the limited number of sites operating each component. An impact might have occurred because of the

treatment component or because of factors peculiar or unique to a site. For example, observing that the San Diego site had the largest impacts could imply that the procedures used there (Job Club/Workfare) were particularly effective, that the San Diego office was managed well, or that low skill jobs were plentiful in San Diego. The best strategies for distinguishing the role of specific treatment components examine outcomes of those who did and did not receive a particular treatment and to integrate the impact results from this chapter with the findings from the implementation analysis in Chapter 4.

Overall, the focus of the evaluation was on the following broad questions:

- did the work registration and job search treatments reduce food stamp benefits and the number of households receiving food stamps?
- did reductions occur as a result of increased job search, employment, and earnings, or as a result of terminations for failure to comply with demonstration requirements?
- did the reductions ultimately lead to lower family incomes or did families offset their benefit losses by increasing their income from other sources?

5.3 The Data and the Methodology

5.3.1 The Data

The primary data sources for this chapter were the household surveys taken approximately three months and six months after application for food stamps. The surveys included questions on:

- demographic characteristics, income, and work history patterns of work registrants; and of characteristics of other household members;
- types of job search requirements and employment services received;
- intensity of job search efforts;
- detailed employment and earnings patterns prior to application and on a week-by-week basis after application;
- food stamp benefits received on a month-by-month basis;

- whether the individual's household was certified for benefits;
- whether the individual's household was cut off from benefits and whether any cutoffs were associated with a failure to comply with program rules; and
- household income by sources of income.

The Random Assignment Logs completed by demonstration staff provided the second source of data. The logs were available for all applicants assigned to treatment and control status, including those who did not respond to household interviews. Only a limited amount of information appeared on the logs, but it was enough to compare the benefit levels, age, new applicant status and other characteristics of those who did and those who did not complete questionnaires.

The logs also provided more complete information than did the interview data on the share of applicants in the applicant job search sites that were not certified for benefits because of noncompliance with the applicant job search requirement. Although the surveys included questions about whether a registrant was not certified because of a failure to comply with the applicant job search rules, the registrant's responses might not have been accurate. The Random Assignment Logs offered data that could be used to confirm or to cast doubt on conclusions drawn from interview data alone.

The Client Participation History (discussed in Chapters 3 and 4) provided detailed information on how treatment group registrants interacted with components of the demonstration, including whether individual registrants were assessed as job-ready and the number of times registrants reported job contacts, attended job club, or worked at a Workfare site. Merging these data with survey data permitted analyses of how the extent of treatment affected outcomes.

Food Stamp Agency records supplied a fourth data set containing information on food stamp benefits paid to the households of registrants for a period several months before and several months after the application date. These administrative data on benefits offered evidence independent of survey responses by registrants as to how the treatment group's benefits compared to the benefits paid to the control group. The analyses based on these data provided an important check on other results. The administrative data were not subject to the problems of inaccurate reporting by recipients nor of nonrandom attrition. However, since administrative data were not available for a large portion of registrants who were interviewed, one could not substitute entirely the administrative data for the survey data on food stamp benefits paid to households.

5.3.2 The Methodology

The experimental approach used in the demonstration substantially simplified the analysis of treatment effects. Within each site, applicants for food stamps who were not exempt from work registration were randomly assigned to treatment or control group status. Since the treatment and control groups were drawn from the same applicant pool, comparing the treatment group outcomes with control group outcomes provided straightforward estimates of demonstration impacts. Each empirical section of this chapter begins with such comparisons, based on data from the three and six month household surveys.

These treatment-control group comparisons, while illuminating, were subject to limitations. The first potential problem was that, despite the use of random assignment, treatment and control registrants could have slightly different household or personal characteristics. While random assignment will generally yield two similar groups, the characteristics need not be

identical in actual samples. If control registrants lived in smaller households than treatment group registrants, the benefit reductions experienced by the treatment group might be offset by the lower benefits paid to the smaller control group households. In this instance, treatment-control differences in benefits would yield incorrect estimates of the impact of demonstration treatments. Multivariate procedures (regressions, tobit, or probit equations) can overcome this problem by producing estimates of treatment effects that are independent of differences in the characteristics of registrants.

A second potential problem was sample attrition. From the entire pool of registrants assigned to treatment and control status, the evaluation contractor drew a random sample for in-person interviews. However, because some individuals were difficult to locate or refused to cooperate, interviewers were unable to obtain three month and six month data on the entire group selected for interviews (hereafter called the interview pool). If those who did not complete interviews differed on characteristics relevant to demonstration impacts from those who did complete interviews, then the simple treatment-control comparisons could yield biased estimates of demonstration impacts.

In these cases, a two-stage analytic approach was appropriate for avoiding estimates that are biased due to attrition. The first stage involved predicting whether an individual in the interview pool actually completed the interview. From the equation, one can calculate the inverse Mills ratio, a transformation of the equation's predicted value of the individual's likelihood of completing the interview. The second stage of the process is to estimate the impact of treatments on outcome variables (such as employment or food stamp benefits) in equations that include the inverse Mills

ratio as an independent variable.³ The success of this procedure is largely dependent on how well the first stage equation predicts survey attrition.

The analysis of treatment effects covered the following outcomes: job search intensity, employment, earnings, food stamp benefits, total transfer payments, denial of certification or cutoff for failure to comply with program rules, and total family income. The effects on job search were estimated during the three month period after application. For all other outcomes, the chapter presents impact estimates during both the three and six month periods after application.

In the case of three month outcomes, the first stage attrition equation distinguished between those in the interview pool who did and did not complete three month interviews. The analysis of the six month outcomes used a different first stage equation—one that predicted whether an individual in the original interview pool completed a six month interview.

The fact that several outcome variables were either dichotomous (e.g., terminated or not terminated) or bounded (earnings, food stamp benefits, and total transfers could not fall below zero) meant that nonlinear approaches were often more appropriate than ordinary least squares. The empirical analysis utilized probit equations to estimate the treatment effects on dichotomous outcome variables and tobit equations to estimate effects on the bounded outcome variables.⁴ (The full regression, probit, and tobit models appear in Appendix B.)

Another methodological issue concerned the evaluation's ability to extend beyond site level comparisons. Within sites, treatment and control groups

³See James Heckman (1976).

⁴For an overview of these estimation approaches, see Stromsdorfer and Farkas (1980). For a discussion of the application of tobit analysis, see McDonald and Moffitt (1980).

were drawn from the same pool of applicants and were subject to the same external forces, such as the effectiveness of agencies and the availability of jobs. Thus, basing comparisons on within-site differences most rigorously followed the experimental approach. At the same time, limiting the analysis to within-site differences would have meant relying on small sample sizes. With small samples, one would be unable to determine whether small or moderate effects were caused by chance. Further, the within-site estimates did not permit one to average the treatment effects across sites and to come up with estimates of overall impacts of falling into the treatment category.

To achieve the rigor of within-site comparisons and the large sample sizes and ability to generalize of overall comparisons, the empirical analysis sections present within-site and pooled tabulations as well as pooled equations that held constant for treatment effects within each site. Unfortunately, as noted in Chapter 3, the demonstration sites were not a random sample or even a representative group of sites. As a result, estimates based on the seven included sites may be biased indicators of the effects treatments would have in a national sample because of differences between included and excluded sites.

The treatment effects discussed thus far are estimates of the impact of experimental status, that is, of being assigned to the treatment group rather than to the control group. These effects do not document the influence of specific activities, such as making job contacts or attending job clubs, on outcomes. Obtaining estimates of the impact of participation in a job search activity is of major interest, but is difficult for two reasons. First, the task requires accurate data on the requirements imposed on individual registrants and on their activities. Activity data on the treatment and control group come from survey responses by individual registrants and are

subject to recall error. The Client Participation History data provided administrative records on activities, but by design were not available for the control group.

A second and more serious difficulty is distinguishing between the treatment itself and the individuals (within the treatment or control group) who were treated. The process by which individuals were subjected to, and engaged in, treatment was not random. Individuals with similar observed characteristics may have had different levels of motivation to comply with requirements. For example, those who complied may have been the subset of the treatment group that would have looked for work even had they not been subject to treatment. Thus, comparing those who made job contacts or attended a job club with those who did not might yield unreliable indicators of the impact of job contacts or job club. The comparison may say as much about the kinds of individuals who decide to participate as about the impact of treatment activities.

Isolating the effect of the treatment activities from the effect of the types of registrants actually treated required a two-stage approach similar to the one used to control for attrition. The first stage involved predicting which individuals would report job contacts, attend a job club or be assigned to a Workfare site. From this equation, a predicted "probability of treatment" was calculated for each registrant. The second stage involved estimating the effect of predicted treatment on outcomes. This procedure controlled for differences between registrants that were correlated both with receipt of treatment and with outcomes.

5.4 Demonstration Participants in the Analysis Samples and Attrition Patterns

5.4.1 A Profile of Demonstration Participants in the Analysis Samples

The pool of demonstration participants was the population of food stamp applicants who were not exempt from the work requirements. These work registrants included heads of families, or spouses, children, relatives, or nonrelatives of the family head. The household survey provided data on the characteristics of those registrants who completed three and/or six month questionnaires. These two groups of registrants formed the primary analysis samples.

The profile of registrants in Table 5.2 shows that, in both the three and six month samples, the treatment and control groups were closely matched on demographic characteristics, such as age, sex, family status, education, and household size. About one-fifth of the registrants were married men; unmarried men and unmarried women each made up about one-third of registrants. Slightly over half were white; less than half had completed high school. About two in five were in one or two person households and one of five were in households of five or more persons. Although most treatment and control group members were of prime working ages (about half were between the ages of 25 and 44), the two groups reported weak preapplication work histories. Only 40 percent reported any employment during the three months before application and less than 60 percent had any work experience in 1982. A large share had received transfer benefits during the three months before application, with about 50 percent receiving food stamps and nearly 25 percent receiving cash welfare payments. Total family incomes were low, averaging only about \$1575 per quarter, or about \$525 per month. Overall, the characteristics data suggest considerable diversity among participants in

Table 5.2

Characteristics of Analysis Samples of Participants by Experimental Status

| <u>Characteristics</u> | <u>Three Month Sample</u> | | <u>Six Month Sample</u> | |
|--|---------------------------|----------------------|-------------------------|----------------------|
| | <u>Treatment Group</u> | <u>Control Group</u> | <u>Treatment Group</u> | <u>Control Group</u> |
| Total Number | 1652 | 1117 | 1157 | 842 |
| Mean Members in Household | 3.3 | 3.3 | 3.4 | 3.4 |
| Percent 1-person households | 17.0 | 16.5 | 14.1 | 15.2 |
| 2-person households | 26.9 | 24.4 | 25.8 | 23.4 |
| 5+-person households | 22.1 | 22.8 | 23.2 | 24.8 |
| Sex, Marital Status (in percent) | | | | |
| Men | 49.7 | 52.7 | 46.3 | 50.0 |
| Married Men | 18.2 | 20.1 | 19.3 | 20.3 |
| Married Women | 14.3 | 14.3 | 16.4 | 16.1 |
| Unmarried Men | 31.5 | 32.7 | 27.0 | 29.8 |
| Unmarried Women | 36.0 | 32.9 | 37.3 | 33.8 |
| Percent White | 51.1 | 54.2 | 54.5 | 52.6 |
| Mean Members under age 18 | 1.1 | 1.1 | 1.2 | 1.2 |
| Mean Age of Registrants | 35.2 | 34.8 | 36.3 | 35.6 |
| Mean Years of Schooling | 10.4 | 10.6 | 10.3 | 10.5 |
| Percent of Registrants in School (Full or Part Time) | 6.8 | 6.4 | 3.6 | 4.2 |
| Percent Who Worked at All in 1982 | 56.7 | 58.1 | 56.5 | 56.1 |
| Mean Earnings in 1982 | \$2847 | \$3087 | \$2783 | \$3060 |
| Weeks Worked As Percent of All Weeks in 1982 | 33.8 | 35.9 | 34.3 | 35.9 |
| During 3 Months Prior to Application: | | | | |
| Percent Who Worked | 40.9 | 41.7 | 41.0 | 41.4 |
| Percent Who Received Food Stamps | 51.2 | 53.8 | 57.3 | 60.7 |
| Percent Who Received Welfare Income | 24.2 | 23.4 | 23.7 | 23.3 |
| Mean Food Stamp Income | \$202 | \$195 | \$218 | \$209 |
| Mean Respondent Earnings | \$369 | \$441 | \$386 | \$426 |
| Mean Total Income | \$1500 | \$1616 | \$1545 | \$1677 |

Source: Tabulations from Three Month and Six Month Surveys.

terms of age, race, schooling, household size, marital and family status, and, most importantly, recent work experience.

The participant mix varied substantially across sites, as shown in Table 5.3. Nassau and Portsmouth had low percentages of men and high percentages of unmarried women. As a result, the registrant pool at these sites had below average preapplication earnings and work experience. Portsmouth registrants exhibited particularly weak work histories, with just over one-third working at all in 1982 and earnings averaging only \$181 during the preapplication quarter. In contrast, in Fresno, Maine, and San Diego, earnings were higher than average and receipt of welfare benefits was lower than average.

The variation in registrant characteristics across sites limited the conclusions that could be drawn from a site-by-site comparison of simple treatment-control differences. The size of the treatment-control differences might vary by site not because of variations in the effectiveness of the treatment approach or of agency staff but because of site differences in the mix of participants. For example, if the treatment exerted larger effects on those with sparse work histories, treatment-control differences might be especially large in sites with concentrations of such registrants. Since the multivariate analyses hold constant for participant characteristics in measuring treatment effects, they provided estimates that distinguished the effects of operating treatments at specific sites from the effects of treatment on registrants with particular characteristics.

5.4.2 Attrition from the Interview Pool

Food stamp work registrants are a highly mobile group. This is one reason for the difficulty experienced in locating participants and obtaining their cooperation to complete interviews. Because accurate data on a representative

Table 5.3: Characteristics of Participants by Site

| | Fresno | Nassau | Pensacola | Maine | Portsmouth | Kentucky | San Diego |
|---------------------------------------|--------|--------|-----------|--------|------------|----------|-----------|
| Number | 326 | 196 | 334 | 250 | 334 | 349 | 294 |
| Mean HH Size | 3.3 | 3.2 | 3.5 | 2.7 | 3.5 | 3.6 | 3.2 |
| % 1 person | 18.1 | 25.5 | 12.6 | 19.2 | 12.6 | 5.7 | 18.0 |
| % 2 persons | 25.8 | 14.8 | 22.5 | 35.6 | 22.5 | 23.5 | 28.2 |
| % 5+persons | 23.9 | 24.5 | 27.8 | 12.0 | 27.8 | 25.5 | 22.4 |
| Number <age 18 | 1.2 | 1.3 | 1.4 | 0.6 | 1.4 | 1.3 | 0.9 |
| Sex, Marital Status | | | | | | | |
| Men | 50.8 | 39.3 | 45.8 | 58.0 | 45.8 | 53.0 | 47.6 |
| Married Men | 28.3 | 13.3 | 21.6 | 12.8 | 21.6 | 32.9 | 12.6 |
| NMarried Men | 22.5 | 26.0 | 24.3 | 45.2 | 24.3 | 20.2 | 35.2 |
| Married Women | 19.1 | 10.7 | 17.7 | 6.0 | 17.7 | 25.9 | 19.1 |
| NMarried Women | 30.2 | 50.0 | 36.5 | 36.0 | 36.5 | 21.0 | 33.1 |
| Percent White | 31.3 | 42.3 | 42.2 | 97.6 | 42.2 | 92.5 | 49.3 |
| Mean Age | 39.5 | 39.1 | 37.2 | 32.0 | 37.2 | 33.3 | 35.9 |
| % under age 25 | 16.0 | 19.9 | 16.8 | 34.0 | 16.8 | 24.6 | 17.7 |
| % over age 44 | 37.4 | 35.2 | 29.9 | 19.2 | 29.9 | 17.8 | 22.1 |
| Schooling | | | | | | | |
| % 12+ Years | 42.6 | 62.2 | 48.5 | 57.6 | 48.5 | 30.6 | 62.3 |
| % Registrants in School | 4.4 | 8.2 | 5.7 | 6.4 | 5.7 | 0.9 | 7.6 |
| % Worked, 1982 | 61.0 | 45.7 | 50.8 | 69.4 | 50.8 | 62.3 | 63.4 |
| Earnings, 1982 | \$3681 | \$2855 | \$2209 | \$3381 | \$2209 | \$2586 | \$3955 |
| During 3 Months Prior to Application: | | | | | | | |
| % Worked | 46.3 | 33.7 | 41.9 | 48.8 | 41.9 | 47.9 | 40.1 |
| % Received Food Stamps | 52.0 | 52.5 | 67.8 | 54.0 | 67.8 | 57.7 | 47.9 |
| % Received Welfare Income | 15.2 | 39.6 | 18.9 | 18.9 | 18.9 | 21.2 | 17.9 |
| Mean FS Income | \$147 | \$174 | \$298 | \$161 | \$298 | \$248 | \$124 |
| Mean Earnings | 652 | 260 | 384 | 486 | 384 | 349 | 444 |
| Mean HH Income | 1724 | 1346 | 1367 | 1711 | 1367 | 1449 | 2040 |

Source: Tabulations from Six Month Survey.

sample of participants was vital to insuring that estimates of treatment effects were unbiased, considerable effort was devoted to tracking and surveying a random sample of participants (the interview pool). Despite repeated attempts to obtain interview data on those not initially reached and interviewed, only 65 percent of those in the interview pool completed three month interviews. Given the availability of more tracking information, interviewers were able to obtain completed six month surveys from about 80 percent of those in the three month sample. These attrition patterns meant that three month data were available for 2,769 of the 4,069 registrants randomly selected for interviews; three and six month data were available for 52 percent of the interview pool, or 2,222 registrants.⁵

The 35 and 48 percent attrition rates from the interview pool posed a challenge to the evaluation. One problem was the decreased sample size and the associated decrease in statistical significance that could be placed on the results.

A second, more serious problem was the possibility that those who completed interviews differed from those who did not in terms of unobserved characteristics which were related to program outcomes. Suppose, for example, that treatment group registrants most resistant to work requirements were also least likely to complete a questionnaire. Because this type of individual would be underrepresented in the treatment group analysis sample but not in

⁵The actual study samples included somewhat fewer registrants than the 2,769 who completed three month surveys and the 2,222 who completed six month surveys. About 220 cases were excluded, made up largely of three groups: registrants on whom random assignment log data had missing or inconsistent information on the registrant's experimental status; general assistance recipients in Maine, who were all subject to job search requirements as a condition for receiving assistance; and certain treatment group registrants in Portsmouth who were not treated in Phase III of the demonstration because they had already been subject to treatment in Phase II.

the control group sample, comparing treatment group outcomes with control group outcomes would be misleading.

Fortunately, the Random Assignment Logs provided data on a limited number of characteristics of the entire interview pool, whether or not they responded to the survey. With this information, it was possible to observe how attrition patterns varied by measured characteristics and to adjust for differences in unmeasured characteristics when estimating treatment effects on employment, earnings, and food stamp benefits.

Tabulations showing the attrition patterns for both the three and six month surveys by experimental status, site, and selected characteristics appear in Table 5.4. Response rates were similar for treatment and control group registrants, but varied by sex, initial benefit amount, and new applicant status. Response rates were higher among females than among males; higher among those certified (in Fresno and Nassau County) than among those not certified; higher among registrants in Pensacola, Kentucky, and Maine than among registrants in other sites; higher among those reapplying for food stamps more than new applicants; and those with high initial benefit amounts than among those with low initial benefit amounts.

One concern about attrition patterns was the possibility that attrition rates would differ by experimental status. For example, if the least cooperative treatment group members were underrepresented (because a high share refused to complete interviews) but no such underrepresentation took place within the control group, then estimates of treatment effects could understate actual impacts. Treatment-control group differences did arise among men and in the case of registrants living in Pensacola and Nassau County; in each of these instances, control group members were more likely to complete questionnaires than the treatment group. In the case of all other

Table 5.4: Response Rates by Site and Experimental Status and Characteristics of Respondents and Nonrespondents by Experimental Status

| | <u>Percent Completing Three Month Survey</u> | | <u>Percent Completing Six Month Survey</u> | |
|--|--|------------------|---|------------------|
| | Treatment Group | Control Group | Treatment Group | Control Group |
| Total | 58.0 | 59.6 | 45.6 | 48.5 |
| Pensacola | 63.9** | 71.8 | 55.2** | 63.9 |
| Fresno | 45.2 | 47.1 | 34.4 | 37.9 |
| Kentucky | 81.3 | 79.0 | 68.2 | 69.4 |
| Maine | 58.1 | 60.2 | 51.3 | 48.7 |
| Nassau County | 51.9 | 58.4 | 37.6* | 47.6 |
| Portsmouth | 63.9 | 58.5 | 48.3 | 43.9 |
| San Diego | 51.0 | 55.2 | 37.5 | 42.0 |
| Female | 67.8 | 65.4 | 57.6 | 55.0 |
| Male | 50.6** | 55.0 | 37.3*** | 43.4 |
| Certified | 48.9 | 50.7 | 37.1 | 40.7 |
| Not Certified | 36.6 | 40.0 | 21.1 | 20.0 |
| (Nassau County and Fresno Only) | | | | |
| | <u>Characteristics of Three and (Six) Month Survey Respondents</u> | | <u>Characteristics of Three and (Six) Month Survey Nonrespondents</u> | |
| | Treatment Group | Control Group | Treatment Group | Control Group |
| Mean Age | 34.4 (35.2) | 33.8 (34.5) | 32.2 (32.2) | 32.0 (31.9) |
| Benefit Amount | \$129 (\$135) | \$124 (\$128) | \$108 (\$110) | \$109 (\$110) |
| Mean Work Registrants in the Household | 1.12 (1.11) | 1.13 (1.13) | 1.12 (1.12) | 1.13 (1.14) |
| Treated Work Registrants in the Household | 1.08 (1.08) | 0.06 (0.06) | 1.09 (1.09) | 0.07 (0.07) |
| Control Work Registrants in the Household | 0.04 (0.04) | 1.07 (1.07) | 0.03 (0.03) | 1.06 (1.06) |
| Length of Certification | 3.88 (3.93) | 3.85 (3.97) | 3.18 (3.31) | 3.35 (3.40) |
| Percent New Applicant | 59.4 (57.8) | 56.9 (54.4) | 70.1 (70.4) | 66.0 (66.1) |

Note: ** denotes significance at the 5 per cent level and *** at the 1 per cent level. Data on six month response rates appear in parentheses.

Source: Tabulations from merged Random Assignment Logs and three and six month surveys.

characteristics, response rate differences by experimental status were not statistically significant.

The similarity of the attrition patterns of treatment and control groups meant that attrition was unlikely to cause bias in the estimates of treatment effects. Still, to reduce further the probability of attrition bias, the two-stage approach described in section 5.3.2 was used. Several variables showed up as statistically significant influences on response rates.⁶ However, treatment status within sites was not a significant determinant of attrition. Still, because of the high levels of significance of some of the variables and of the overall equation, the analysis did obtain inverse Mills ratios and enter them as a variable in the outcome equations. Thus, on the basis of the available evidence and the use of the correction procedure, there is no reason to believe that attrition patterns biased the estimates of treatment effects.

5.5 The Content of Work Registration Treatments

The work registration treatments involved a variety of actions by agency personnel and by food stamp registrants. Thus, a registrant's exposure to treatment had several possible meanings. Following the design of the demonstration, those registrants assigned to the treatment group were to be subject to a job search, job club, or Workfare requirement; control group registrants were to face no work requirements. The timing and specifics of the search or work requirements were to vary by site, as discussed in Chapter 3 and 4.

⁶The variables that were significant included sex, age, initial benefit level, new applicant status, number of treatment group members in the household, and residence in Florida or Kentucky. (The quantitative results of the first stage equation appear in Appendix C.)

In analyzing the treatment concept in this demonstration, one may distinguish between: (1) requirements specified by job counselors (within the State Employment Service Agency or Food Stamp Agency) that registrants must fulfill, (2) registrants' perceptions about how their food stamp benefits depended on their job search activities, and (3) the tasks that registrants undertook. A work registrant may have been told to report a specified number of job contacts, but he may or may not have perceived that not making such contacts would affect his benefits and he may or may not have made the job contacts.

The implementation analysis based on agency data indicated that local offices did impose the search requirements on registrants. The household interview data confirm this result. Specifically, nearly 70 percent of treatment group registrants were told to make job contacts, attend a job club, or work on a special Workfare job. However, almost one-third of control group members also reported facing one or more of these requirements. According to the interview responses, a similar one-third share of controls believed they could lose benefits by refusing to accept a job and about 20 percent said they had to report a specific number of job contacts. These perceptions may have come from the registrant's earlier experience with the Food Stamp Program. Alternatively, he or she may have interpreted the ongoing activities involving treatment group registrants as applying to their situation. Finally, some agency personnel may have mistakenly attempted to impose requirements on the control group.

Reports by control group members of exposure to a treatment component varied with the type of component. Less than 3 percent of controls reported attending a job club, as compared to 26 percent of the treatment group. But, 28 percent of controls felt subject to job contact requirements and 16 percent

actually reported their job search progress. The comparable figures for the treatment group were 51 percent subject to a job contact requirement and 29 percent reporting progress in searching for a job.

Although the treatment group experienced more of a search requirement than did the control group, the differences were not nearly as large as the possible case if all treatment registrants and no control registrants engaged in a treatment activity. Thus, the measured impacts of treatment status might understate the potential effect of imposing the job search requirements on all registrants as compared to a world in which all recipients realize that they need not fulfill a job search requirement. To capture some of these distinctions, the empirical sections present estimates of treatment effects based on the registrant's actual experience with a job search requirement as well as on the registrant's experimental status.

5.6 Impacts of Treatments on Job Search Intensity

One would expect that the most direct effect of a job search treatment would be to raise the intensity with which work registrants look for jobs. According to evidence on job search patterns as well as on the role of job clubs, stimulating unemployed workers to make large numbers of job contacts would improve substantially their chances of finding a job.

Before examining how demonstration treatments influenced job search patterns, one must develop measures that capture the efforts of registrants to find jobs. Ideally, one would like to know about the quality of job search as well as the quantity of search. Some registrants may take a selective approach and contact only those employers most likely to hire while others may contact any employer just to satisfy the demonstration's requirements.

Unfortunately, there is no way of learning about differences in the quality of job search. This section uses two measures of search: the number of job contacts per week not employed and the number of weeks looking for work as a percent of total weeks not employed.⁷ The analysis deals with treatment effects on job search during the first three months after application.

A look at treatment and control differences in Table 5.5 indicates that demonstration treatments had some impact on job search patterns. The number of employment contacts made per week not employed averaged 20 percent higher in the treatment group than in the control group. However, there were no differences between treatment and control registrants in the weeks spent looking for work as a percent of weeks spent not employed.

These straightforward measures may not be reliable indicators of the demonstration's impact on job search because they do not take account of the ways in which treatments may have affected the mix of registrants who were not employed (and thus have no measure of job search). Suppose, for example, that the job search requirement increased the share of the treatment group that had jobs during the entire three month, post-application period. It is reasonable to expect that the characteristics of those not employed for the full period would be different from those of their counterparts in the control group. In particular, one would expect that these treatment group registrants would be less employable on average than control group registrants not in jobs for the entire period. Looked at in another way, the demonstration treatment might exert no observable impact on job search because the actual impact on job search was to increase the number of treatment group registrants

⁷The definition of looking for work is equivalent to the standard government definition of unemployment—not working for pay but actively looking for a job.

Table 5.5

Job Search Intensity of Treatment and Control Group
Registrants During Three Months After Application

| | <u>Number of Contacts</u> <u>for Employment per</u> <u>Week Not Employed</u> | | <u>Weeks Looking for</u> <u>Work As Percent of</u> <u>Weeks Not Employed</u> | |
|-----------------------------|--|--------------------------------|--|--------------------------------|
| | <u>Treatment</u> <u>Group</u> | <u>Control</u> <u>Group</u> | <u>Treatment</u> <u>Group</u> | <u>Control</u> <u>Group</u> |
| Total, All Sites | 2.464** | 2.037 | .651 | .655 |
| Applicant Job Search | | | | |
| Fresno | 2.362 | 2.015 | .628 | .645 |
| Nassau County | 1.364 | 1.440 | .648 | .476 |
| Job Club | | | | |
| Pensacola | 3.207 | 2.177 | .662 | .654 |
| Maine | 3.269 | 2.668 | .758 | .832 |
| Portsmouth | 1.522 | 1.344 | .535 | .591 |
| Group Job Search Assistance | | | | |
| Kentucky | 2.071* | 1.469 | .686 | .615 |
| Job Club/Workfare | | | | |
| San Diego | 3.143 | 2.929 | .641 | .693 |

Note: ** and * denote significance at the 5 and 10 per cent levels.

Source: Tabulations from 3 month survey.

who were employed over the entire three month period. The remaining treatment registrants—who might have increased their search intensity—would be a smaller number and probably more disadvantaged group than their control group counterparts.

Estimating treatment effects on job search in a way that takes account of the restricted sample of the not employed involved a two stage procedure similar to that used to adjust for attrition. The predicted probability of working the entire 13 weeks after application derived from a first stage probit equation was included in the second stage regression equations predicting job search activity. This correction for the restricted nature of the sample proved to be important as the initial equation showed that treatment group registrants were more likely than controls to have been employed during the entire three months after application.

The other explanatory variables in these and subsequent outcome equations included: site, age, race, years of education, school enrollment status, household size, marital status, and employment, earnings, and receipt of food stamps or welfare income prior to applying for benefits. The attrition correction variable described in Section 5.3.1 was also included in these outcome equations.

The statistical procedures yielded average and site-specific treatment effects. Obtaining the average treatment effect involved using a single variable—assigned to treatment or not—to designate experimental status. The estimates of effects of treatment within each site came from equations which included seven site-treatment interaction variables; for example, the Pensacola treatment variable would equal one if the registrant were in the treatment group and in Pensacola and would equal zero for all other registrants. The results reveal large and significant treatment effects on

the number of contacts for employment. Table 5.6 shows that in virtually all sites, being assigned to treatment status induced registrants to increase their job search efforts. Overall, the treatment raised contacts for employment from about 2.7 to about 3.25 per week among male registrants and from 1.27 to 1.64 per week among female registrants.

5.7 Impact of Treatment on Employment and Earnings

A major objective of the demonstration was to raise the employment and earnings of registrants. The demonstration was to achieve this goal by stimulating registrants to look harder for jobs and to be more willing to take jobs that were available. Apparently, the treatments did influence registrants to increase their job search efforts. This section examines whether the treatments also led to a rise in the employment and earnings of registrants.

Job search and training programs commonly use the placement rate as an indicator of performance. The placement rate measures the proportion of participants who become employed within some period (often three months) after leaving the program. In this demonstration, the placement rate among those subject to job search treatments was 49 percent of applicants. While one may compare this rate to placement rates in other programs, it provides little information about the net impact of the job search treatments on employment and earnings. As indicated by the 45 percent placement rate of the control group, many treatment group applicants would have found jobs even in the absence of the treatment.

The best evidence for determining the net impact of treatment comes from comparing treatment and control group outcomes. The pattern of employment rates by week gives an initial indication of sizable treatment effects.

Table 5.6

Impact of Treatment on Contacts for Employment
During Three Months After Application

| | <u>Males</u> | <u>Females</u> |
|--|--------------|----------------|
| Mean Contacts for Employment of the Control Group | 2.71 | 1.27 |
| Average Treatment Effect | +.542** | +.373** |
| <hr/> | | |
| Applicant Job Search | | |
| Fresno | +.495 | +.120 |
| Nassau County | -.820 | +.454 |
| Job Club | | |
| Pensacola | +.319 | +1.050*** |
| Maine | +.726 | +.223 |
| Portsmouth | +.708 | +.013 |
| Group Job Search Assistance | | |
| Kentucky | +.610 | +.864*** |
| Job Club/Workfare | | |
| San Diego | +.962* | -.139 |

Note: These results come from regressions that include a Mills ratio variable that controls for the fact that the sample is restricted to the group of registrants that were not employed for at least one week after application. The ***, **, and * denote significance at the 1, 5, and 10 per cent levels. The average treatment effects come from least squares regressions with a single treatment variable, holding constant for site, age, race, household size, marital status, school status, years of education, prior work experience, and an attrition Mills ratio. The site effects come from equations that include dummy variables representing treatment in a specific site. The full regression results appear in Appendix C.

Source: Regressions performed on the 3 month survey.

Table 5.7 and Figure 5.1 reveal that, among treatment and control group registrants, the percent in jobs followed a U-shaped pattern over the period from three months before until five months after application for food stamps. However, after the date of application, employment rates rose faster for the treatment group than for controls. During the week of application, about 22 percent of registrants were employed. Over the next twelve weeks, a 14 percentage point increase took place in employment among treatment group registrants, while only an 8.5 percentage point control increase occurred among control group registrants. Subsequently, control group registrants began to catch up to treatment registrants; however, by the 25th week after application, the treatment group still retained an employment rate 3 percentage points higher than the control group rate.

Additional evidence of gains in employment and earnings induced by the demonstration treatments shows up in Table 5.8. The treatment group performed consistently better than the control group on all four measures of employment and earnings and during both follow-up periods. The advantage of the treatment group over controls in the various labor market outcomes showed no tendency to erode between the first quarter after application and the subsequent quarter. The treatment-control differences in earnings were larger than the differences in employment. The patterns across sites were similar to those appearing in week-by-week employment rates. The most pronounced treatment-control differences in earnings occurred in Nassau County, Fresno, and San Diego, where control group earnings averaged only 68 to 71 percent of treatment group earnings in the fifth and sixth months after application.

The tabulations offer persuasive evidence of treatment effects, but differences in registrant characteristics or in attrition patterns might have accounted for some or all of the better labor market outcomes experienced

Table 5.7

Percent¹ Employed in All Sites From Thirteen Weeks Before, Through
Twenty Five Weeks After, Week of Food Stamp Application²

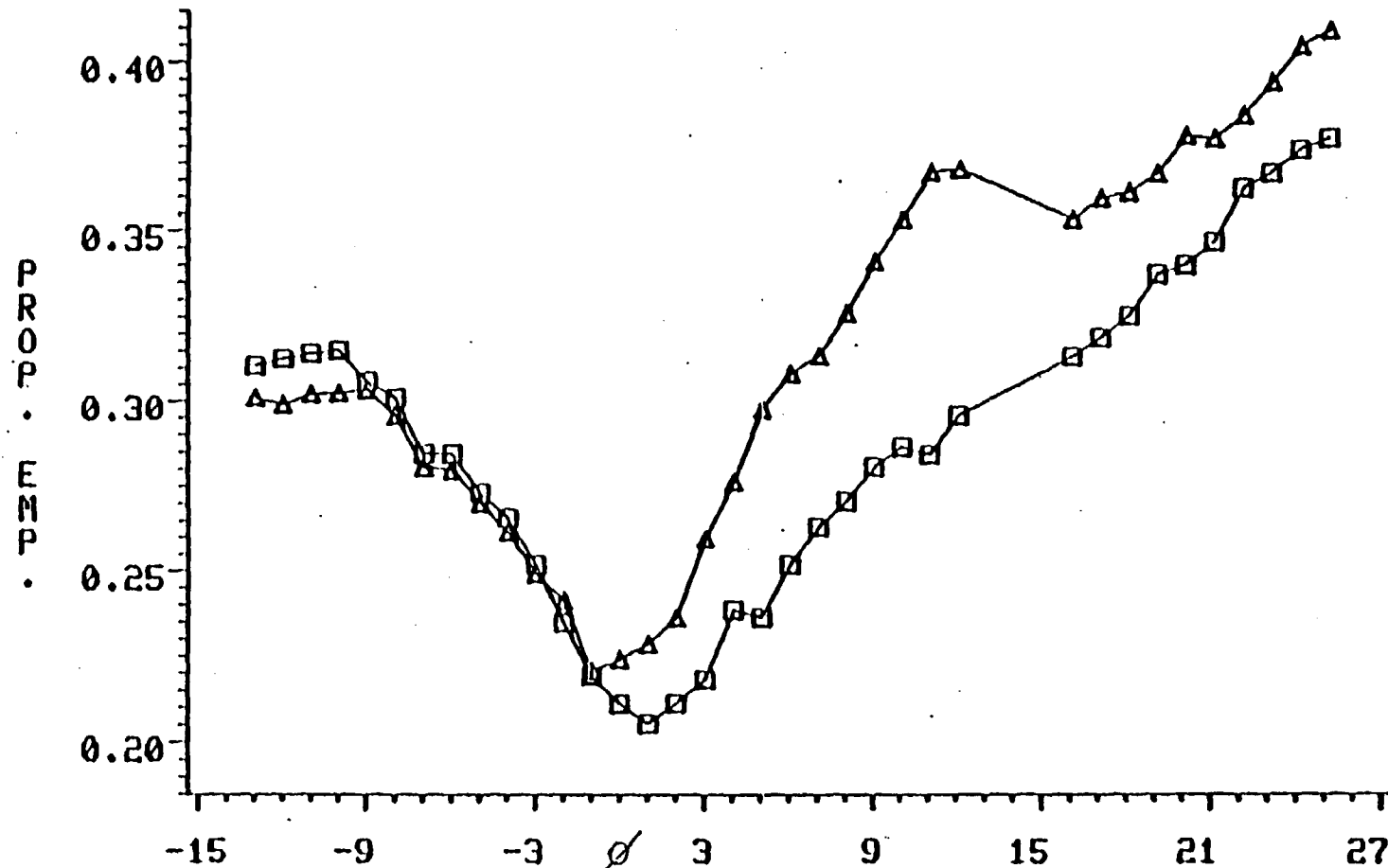
| <u>Weeks Before and After Application</u> | <u>Treatment</u> | | <u>Control</u> | | <u>Difference Between Percentages</u> |
|---|------------------|----------|----------------|----------|---|
| | <u>N</u> | <u>%</u> | <u>N</u> | <u>%</u> | |
| -13 | 347 | 30.1 | 250 | 31.1 | -0.9 |
| -12 | 345 | 29.9 | 252 | 31.3 | -1.4 |
| -11 | 349 | 30.2 | 263 | 31.4 | -1.2 |
| -10 | 349 | 30.2 | 264 | 31.5 | -1.3 |
| -9 | 350 | 30.3 | 256 | 30.6 | -0.3 |
| -8 | 341 | 29.5 | 252 | 30.1 | -0.5 |
| -7 | 324 | 28.1 | 238 | 28.4 | -0.4 |
| -6 | 323 | 28.0 | 238 | 28.4 | -0.5 |
| -5 | 312 | 27.0 | 229 | 27.3 | -0.3 |
| -4 | 302 | 26.1 | 223 | 26.6 | -0.4 |
| -3 | 288 | 24.9 | 211 | 25.2 | -0.3 |
| -2 | 279 | 24.1 | 197 | 23.5 | 0.7 |
| -1 | 255 | 22.1 | 184 | 21.9 | 0.1 |
| 0 | 259 | 22.4 | 177 | 21.1 | 1.3 |
| 1 | 264 | 22.9 | 172 | 20.5 | 2.3 |
| 2 | 273 | 23.6 | 177 | 21.1 | 2.5 |
| 3 | 300 | 26.0 | 183 | 21.8 | 4.1 |
| 4 | 319 | 27.6 | 200 | 23.8 | 3.8 |
| 5 | 343 | 29.7 | 198 | 23.6 | 6.1 |
| 6 | 356 | 30.8 | 211 | 25.2 | 5.6 |
| 7 | 362 | 31.3 | 220 | 26.3 | 5.0 |
| 8 | 376 | 32.6 | 227 | 27.1 | 5.5 |
| 9 | 393 | 34.1 | 235 | 28.0 | 6.0 |
| 10 | 408 | 35.3 | 240 | 28.6 | 6.7 |
| 11 | 424 | 36.6 | 238 | 28.4 | 8.2 |
| 12 | 425 | 36.7 | 248 | 29.5 | 7.2 |
| 16 | 366 | 35.3 | 238 | 31.3 | 4.0 |
| 17 | 399 | 35.9 | 261 | 31.8 | 4.1 |
| 18 | 412 | 36.0 | 270 | 32.5 | 3.6 |
| 19 | 420 | 36.6 | 281 | 33.7 | 3.0 |
| 20 | 434 | 37.7 | 284 | 33.9 | 3.8 |
| 21 | 433 | 37.7 | 290 | 34.6 | 3.0 |
| 22 | 440 | 38.3 | 303 | 36.2 | 2.2 |
| 23 | 451 | 39.3 | 305 | 36.6 | 2.7 |
| 24 | 462 | 40.4 | 310 | 37.3 | 3.1 |
| 25 | 458 | 40.9 | 300 | 37.6 | 3.2 |

¹Percentages are based on all respondents

²Week 0 is approximate time of food stamp application.

Figure 5.1

PROPORTION EMPLOYED AS A FUNCTION OF WEEK



LEGEND: GROUP □-□-□ Control ▲-▲-▲ Treatment

WEEK 0 IS APPROXIMATE TIME OF FOOD STAMP APPLICATION
PROPORTIONS ARE BASED ON ALL RESPONDENTS

Table 5.8: Employment and Earnings of Treatment and Control Registrants
During First and Second Quarter After Application

| | Percent Who Worked During Quarters | | Percent Worked Week Before Three (Six) Month Surveys | | Percent of Weeks Employed | | Mean Earnings | |
|-----------------------------|--|--------|--|---------|---------------------------------|---------|------------------|----------|
| | Quarters | | Surveys | | Quarters | | Quarters | |
| | First | Second | 3 Month | 6 Month | First | Second | First | Second |
| All Sites | 47.4 | 46.7 | 34.4 | 39.4 | 27.0 | 36.8 | \$332 | \$500 |
| Treatment Group | 49.2 | 48.2 | 37.2* | 40.7 | 28.7*** | 38.0*** | \$356*** | \$537*** |
| Control Group | 44.9 | 44.6 | 30.2 | 37.7 | 24.6 | 35.2 | 297 | 448 |
| Applicant Job Search | | | | | | | | |
| Fresno: | 46.5 | 47.1 | 28.8 | 39.6 | 26.3 | 34.2 | 403 | 471 |
| Treatment Group | 51.6 | 51.6 | 35.9*** | 44.2*** | 29.6*** | 39.0 | 439 | 544*** |
| Control Group | 41.1 | 42.6 | 21.1 | 34.8 | 22.7 | 29.2 | 365 | 394 |
| Nassau County: | 51.2 | 52.9 | 42.1 | 47.2 | 34.3 | 47.8 | 374 | 605 |
| Treatment Group | 51.7 | 53.9 | 45.0 | 50.5 | 33.9 | 50.5* | 398 | 705** |
| Control Group | 50.5 | 51.7 | 38.2 | 43.2 | 34.9 | 44.4 | 342 | 476 |
| Job Club | | | | | | | | |
| Pensacola: | 50.8 | 47.1 | 39.5 | 43.5 | 33.7 | 42.4 | 326 | 506 |
| Treatment Group | 53.3 | 50.0 | 41.9 | 46.4 | 36.9* | 44.2 | 348 | 511 |
| Control Group | 47.1 | 43.0 | 36.1 | 39.3 | 29.2 | 40.0 | 292 | 499 |
| Maine: | 56.7 | 50.4 | 44.0 | 40.6 | 31.9 | 41.0 | 440 | 618 |
| Treatment Group | 59.1 | 50.3 | 47.3 | 38.8 | 36.5*** | 39.8 | 507*** | 586 |
| Control Group | 53.4 | 50.5 | 39.3 | 43.3 | 25.2 | 42.8 | 339 | 669 |
| Portsmouth: | 34.7 | 29.2 | 25.5 | 25.3 | 20.2 | 21.3 | 237 | 254 |
| Treatment Group | 34.7 | 29.0 | 24.5 | 24.3 | 19.4 | 19.5 | 221 | 261 |
| Control Group | 34.7 | 29.4 | 27.1 | 26.7 | 21.5 | 23.8 | 265 | 246 |
| Group Job Search Assistance | | | | | | | | |
| Kentucky: | 46.1 | 49.5 | 22.9 | 37.0 | 18.6 | 31.4 | 204 | 353 |
| Treatment Group | 43.2 | 50.0 | 22.3 | 36.0 | 17.8 | 29.9 | 196 | 361 |
| Control Group | 50.3 | 48.9 | 23.6 | 38.5 | 19.7 | 33.5 | 217 | 342 |
| Job Club/Workfare | | | | | | | | |
| San Diego: | 47.1 | 50.0 | 40.9 | 43.3 | 27.0 | 41.3 | 356 | 741 |
| Treatment Group | 52.1 | 51.4 | 46.5*** | 45.2* | 28.7** | 43.6 | 415** | 826*** |
| Control Group | 37.7 | 47.5 | 30.2 | 40.0 | 24.6 | 37.2 | 250 | 590 |

Note: The second quarter data cover only the fifth and sixth months after application. The mean earnings estimates noted in this table were constructed by multiplying mean earnings for months five and six times 1.5. The ***, **, and * denote significance at the 1, 5, and 10 per cent levels of significance.

Source: Tabulations from the three and six month household surveys.

by the treatment group. The results based on the multivariate analyses that controlled for registrant characteristics and attrition patterns appear in Table 5.9. Because of the likelihood that men and women registrants would differ in their responses to treatment, separate analyses were conducted for male and female registrants.

According to these results, job search treatments raised the employment and earnings of food stamp registrants. The effects on earnings were large and statistically significant during the first quarter and during the fifth and sixth months after application. For the entire sample, the average increase associated with being subject to the job search requirements amounted to about 40 percent of the earnings of control group members. These effects were statistically significant at the one percent level. Treatment status induced higher absolute effects among men (\$210 compared to \$56 in months five and six after application) but higher relative effects among women. The pattern of earnings effects by site were strikingly consistent over the two post-application periods.

Employment effects were also positive, but often not statistically significant. Given the relatively small samples in individual sites, it is not surprising to observe insignificant site effects. Still, the pattern of employment and earnings effects was consistently positive (over 80 percent of the time); in no case did treatment exert a negative effect that was statistically significant. This is persuasive evidence that the observed estimates represent a genuine effect of treatment status.

The treatments in Fresno and San Diego induced remarkably large and significant impacts on the employment and earnings of male and female registrants. Earnings impacts were substantial during both the first and second quarters after application. Pensacola was the other site showing

Table 5.9: Effects of Treatment on Employment and Earnings After Application

| <u>Effects on Earnings</u> | | | | |
|----------------------------|--|--------------------------------|--|--------------------------------|
| | <u>First Quarter After Application</u> | | <u>Fifth and Sixth Month After Application</u> | |
| | <u>Control Mean</u> | <u>Effect of Treatment</u> | <u>Control Mean</u> | <u>Effect of Treatment</u> |
| All Sites Combined | \$215 | +\$86 | \$216 | +\$87 |
| Applicant Job Search | | | | |
| Fresno | +172 | +152 | +196 | +156*** |
| Nassau County | +264 | +100 | +337 | +77 |
| Job Club | | | | |
| Pensacola | +211 | +91 | +232 | +100** |
| Maine | +177 | +113 | +228 | +3 |
| Portsmouth | +236 | +23 | +227 | -17 |
| Group Job Search | | | | |
| Kentucky | +244 | -23 | +149 | +54* |
| Job Club/Workfare | | | | |
| San Diego | +164 | +136 | +232 | +208*** |

Effects on Earnings: Fifth and Sixth Month After Application

| | <u>Males</u> | | <u>Females</u> | |
|----------------------|---------------------|--------------------------------|---------------------|--------------------------------|
| | <u>Control Mean</u> | <u>Effect of Treatment</u> | <u>Control Mean</u> | <u>Effect of Treatment</u> |
| All Sites Combined | \$1,080 | +\$210*** | \$146 | +\$56*** |
| Applicant Job Search | | | | |
| Fresno | +916 | +110** | +196 | +156*** |
| Nassau County | +1,388 | +130 | +247 | +39 |
| Job Club | | | | |
| Pensacola | +1,188 | +213 | +166 | +36 |
| Maine | +1,204 | +111 | +146 | -21 |
| Portsmouth | +853 | +363* | +183 | -62 |
| Group Job Search | | | | |
| Kentucky | +1,301 | +78 | +78 | +96*** |
| Job Club/Workfare | | | | |
| San Diego | +1,221 | +284* | +155 | +233*** |

(continued)

Table 5.9 Continued

| | <u>First Quarter After Application</u> | | <u>Months Four and Five After Application</u> | |
|-----------------------------------|--|----------------|---|----------------|
| <u>Percent of Weeks Employed:</u> | <u>Males</u> | <u>Females</u> | <u>Males</u> | <u>Females</u> |
| Mean of Control Group | 24.8 | 24.4 | 37.6 | 32.3 |
| Average Treatment Effect | +6.5*** | +4.4*** | +4.2 | +4.4* |
| Applicant Job Search | | | | |
| Fresno | +6.5 | +9.6** | +13.5** | +4.6 |
| Nassau County | +2.0 | - 1.3 | + 8.8 | +3.9 |
| Job Club | | | | |
| Pensacola | +9.1* | +8.0* | +7.8 | +3.8 |
| Maine | +12.7*** | +8.3* | - 5.0 | +1.0 |
| Portsmouth | +10.2* | - 3.2 | +12.7 | - 5.4 |
| Group Job Search Assistance | | | | |
| Kentucky | - 5.1 | - .05 | - 5.8 | + 6.9 |
| Job Club/Workfare | | | | |
| San Diego | +10.2** | +11.6** | +3.9 | +17.5*** |
| <u>Probability of Employment</u> | <u>Males</u> | <u>Females</u> | <u>Males</u> | <u>Females</u> |
| During Week Before Survey | | | | |
| Mean of Control Group | .323 | .280 | 41.3 | 34.1 |
| Average Treatment Effect | +.093*** | +.092*** | +.057 | +.041 |
| Applicant Job Search | | | | |
| Fresno | +.209*** | +.163** | +.161* | +.072 |
| Nassau County | +.048 | +.124 | +.060 | +.042 |
| Job Club | | | | |
| Pensacola | +.061 | +.027* | +.187** | +.064 |
| Maine | +.094 | +.055 | -.045 | -.030 |
| Portsmouth | +.150* | -.041 | +.126 | +.109 |
| Group Job Search Assistance | | | | |
| Kentucky | -.072 | +.098 | -.037 | +.064 |
| Job Club/Workfare | | | | |
| San Diego | +.154** | +.252*** | +.005 | +.170* |

Note: The earnings results are from tobit equations, weeks employed results are from ordinary least squares regressions, and employment prior to the survey week results are from probit regressions. For each earnings and employment outcome, one equation derived the average treatment effect with the use of a single treatment dummy, while a second derived the individual site effects from dummy variables representing each site. See Appendix B for full equation results. ***, **, and * represent significance at the 1, 5, and 10 per cent levels.

Source: Estimated equations based on three and six month survey data.

consistently positive effects on males and females for all three labor market outcomes in both time periods. Nassau County exerted generally positive effects on registrants, with the largest and most consistent on males. The treatments in the Maine counties and in Portsmouth raised employment significantly during the first quarter after application, but the effects eroded by the fifth and sixth months after application. In the Kentucky counties, treatment status raised the earnings of female registrants significantly, but the positive effects on male registrants were not statistically significant.

5.8 Effects on Terminations and Denial of Benefits for Noncompliance

An important question in the demonstration was whether food stamp agencies would impose sanctions on registrants who did not comply with job search requirements. This was an open question, since much of the literature on work registration and job search requirements indicated that penalties were rarely imposed on noncompliant recipients.

Noncompliance could lead to either of two kinds of sanctions. In the two sites requiring applicants to search for jobs, food stamp agencies were to deny the applications of those who failed to comply and to disqualify the households of those registrants from the Food Stamp Program. In all sites, the failure to meet the job search requirements after the household was certified to receive benefits was to result in the termination of benefits for 90 days.⁸

Did the food stamp agencies rigorously enforce these provisions of the demonstration by sanctioning registrants who did not comply with job search

⁸In Maine, litigation over implementation of the demonstration regulations limited the sanction period to 60 days.

requirements? According to the evidence from administrative data examined in Chapter 4, agency personnel generally did follow the demonstration procedures and penalized treatment group registrants who did not comply with program rules. This section examines the incidence of sanctioning from the perspective of both treatment and control group registrants, as reported in the household surveys. The survey data permit one to assess whether the sanctions observed in the administrative data increased terminations from the food stamp rolls. The impacts derived in this section take account of the possibility of terminations not related to the treatment by examining whether certification denials and terminations were larger among the treatment group than among controls. The survey question dealing with terminations was: "Did you have your food stamp benefits stopped for not following the program rules during the past three months?" Although controls were not supposed to be subject to such sanctions, some control group registrants might have reported being sanctioned because they misunderstood the reasons for their termination, because they had been terminated in an earlier period, or because the agency mistakenly applied the rules to some control group members.

The tabulations in Table 5.10 show that treatment group registrants experienced a much higher rate of denials and terminations than did control group registrants. Nearly one of four treatment group participants either had their application denied or were terminated for noncompliance sometime between application and the sixth month after application. This was a much higher rate than the 9.4 percent rate at which control group participants were terminated or denied benefits. All of the denials and most of the terminations took place during the first quarter after application.

Table 5.10

Treatment Group-Control Group Differences in Denials or
Terminations for Noncompliance with Program Rules

Percent Application Denied or Terminated for Noncompliance

| | <u>First Quarter</u> | | <u>First or Second Quarter</u> | |
|--|----------------------|------------------|--------------------------------|------------------|
| | Treatment Group | Control Group | Treatment Group | Control Group |
| All Sites | 16.8*** | 4.9 | 23.0*** | 9.4 |
| Applicant Job Search | | | | |
| Fresno | 16.3** | 9.0 | 21.1 | 15.6 |
| Nassau County | 19.7*** | 8.5 | 28.7 | 21.0 |
| Job Club | | | | |
| Pensacola | 19.8*** | 5.8 | 24.6** | 10.3 |
| Maine | 17.4*** | 2.5 | 23.7*** | 4.2 |
| Portsmouth | 5.1*** | 0.0 | 7.2*** | 1.0 |
| Group Job Search Assistance | | | | |
| Kentucky | 13.4*** | 0.6 | 22.7*** | 2.8 |
| Job Club/Workfare | | | | |
| San Diego | 26.3*** | 8.0 | 31.0*** | 12.4 |
| <hr/> | | | | |
| Percent Denied Certification for Noncompliance | | | | |
| Fresno | 3.4 | 2.0 | | |
| Nassau County | 7.5** | 1.9 | | |

Note: ***, **, and * denote significance at the 1, 5, and 10 per cent levels.

Source: Tabulations from three and six month surveys.

Terminations and denials of treatment group registrants were highest in Nassau County and San Diego. In both of these sites, large shares of control group registrants also reported terminations or denials for noncompliance with program rules. Kentucky, Maine, and Portsmouth were the three sites where control registrants were rarely terminated or denied certification. Significant treatment-control differences in rates of terminations and denials occurred in all sites through the first quarter after application; however, by the end of the second quarter, the differences had become insignificant in Fresno and Nassau County.

Examining whether these treatment effects were independent of registrant characteristics (including the probability of completing the surveys) required multivariate techniques. The results appearing in Table 5.11 confirm the consistently large and significant impacts of treatment group status on the incidence of denials and terminations. The treatments affected male registrants more than female registrants. Kentucky and Maine were the only two sites in which treatment effects were large and significant among both men and women. Treatment status also led to significantly higher terminations among male registrants in Pensacola and San Diego as well as among female registrants in Portsmouth.

5.9 Effects on Food Stamp Benefits, Participation Rates, and Total Transfers

To what extent did the positive impacts on employment and earnings and on denials and terminations lead to reductions in food stamp benefits, in Food Stamp Program participation rates, and in benefits from other programs? What were the effects of demonstration treatments on benefits and participation rates from all causes? These are central questions for the demonstration, since benefit reductions are the primary benefit to taxpayers. This section

Table 5.11

Impact of Treatment on Probability of Denial of Certification
or of Termination for Noncompliance with Program Rules

| | <u>First Quarter</u> | | <u>First or Second Quarter</u> | |
|--|----------------------|----------------|--------------------------------|----------------|
| | <u>Males</u> | <u>Females</u> | <u>Males</u> | <u>Females</u> |
| Control Group Mean Probability of Denial or Termination for Noncompliance | 4.5 | 5.3 | 9.4 | 9.5 |
| Average Treatment Effect | +13.7*** | +8.6*** | +17.9*** | +8.2*** |
| <hr/> | | | | |
| Applicant Job Search | | | | |
| Fresno | +6.2* | +2.4 | +3.4 | -0.2 |
| Nassau County | +2.6 | +4.8 | +6.4 | -0.1 |
| Job Club | | | | |
| Pensacola | +11.6*** | +3.4 | +19.0*** | +2.7 |
| Maine | +14.4*** | +13.4*** | +26.9*** | +18.8*** |
| Portsmouth | +29.0 | +27.7*** | +16.7 | +35.9* |
| Group Job Search Assistance | | | | |
| Kentucky | +33.7* | +16.0*** | +30.0*** | +21.7*** |
| Job Club/Workfare | | | | |
| San Diego | +12.2*** | +6.0 | +21.6*** | +6.1 |

Note: ***, **, and * denote significance at the 1, 5, and 10 per cent levels.
See note to Table 5.8.

Source: Probit equations from the merged file containing data from the three month survey, the six month survey, and the random assignment log.

examines the influence of treatment status on benefits and participation in several ways.

The monthly patterns of average food stamp benefits and of participation rates, as reported in household surveys and shown in Tables 5.12 and 5.13 and Figures 5.2 and 5.3, indicate that treatment status did lower food stamp benefits and participation. Average benefits of treatment group registrants exceeded control group benefits in the months before and immediately after application. By the sixth month after application, control group households received about \$12 more in monthly benefits than did treatment group households. Participation rates also declined more among treatment group than among control group households.

Similar results emerged from estimates of treatment impacts based on multivariate analyses that take account of attrition and registrant characteristics. As shown in Table 5.14, treatment status exerted negative, highly significant effects on the participation rates of male and female registrants by the sixth month after application. Unlike the impact of treatment on terminations, the effects on participation rates were higher and more often significant among women than among men. While treatment status lowered participation rates of female registrants significantly in five of the seven demonstration sites, statistically significant effects on male registrants occurred only in San Diego and Kentucky.

Given the large, negative effects of demonstration treatments on participation, one would expect that treatment status would lower average food stamp benefits significantly. The basic tabulations indicated that average benefits declined more among treatment than among control group households. However, these estimates do not control for the role of attrition, differences in registrant characteristics, nor the misreporting of benefits.

Table 5.12

Mean Food Stamp Benefits and Percentage of Respondents in Households Receiving Any Food Stamp Income
in All Sites From Three Months Before Through Six Months After Month of Food Stamp Application¹

| <u>Months Before and</u> <u>After Application</u> | <u>Mean</u> <u>Benefits</u> | <u>Treatment</u> | | <u>Sample</u> <u>Size</u> | <u>Mean</u> <u>Benefits</u> | <u>Control</u> | | <u>Sample</u> <u>Size</u> | <u>Difference</u> | |
|--|--------------------------------|---|--|------------------------------|--------------------------------|---|--|------------------------------|--------------------------------|--|
| | | <u>Number</u> <u>With Any</u> <u>Benefits</u> | <u>Percent</u> <u>With Any</u> <u>Benefits</u> | | | <u>Number</u> <u>With Any</u> <u>Benefits</u> | <u>Percent</u> <u>With Any</u> <u>Benefits</u> | | <u>Mean</u> <u>Benefits</u> | <u>Percent</u> <u>With Any</u> <u>Benefits</u> |
| -3 | 70.12 | 565 | 50.63 | 1116 | 66.40 | 426 | 52.66 | 809 | 3.72 | -2.03 |
| -2 | 71.91 | 578 | 51.65 | 1119 | 69.53 | 442 | 54.57 | 810 | 2.39 | -2.91 |
| -1 | 75.73 | 616 | 54.71 | 1126 | 72.79 | 478 | 58.72 | 814 | 2.94 | -4.02 |
| 1 | 98.41 | 870 | 77.06 | 1129 | 95.13 | 644 | 78.82 | 817 | 3.29 | -1.77 |
| 2 | 118.62 | 987 | 86.81 | 1137 | 113.85 | 750 | 90.69 | 827 | 4.76 | -3.88 |
| 3 | 109.66 | 901 | 79.10 | 1139 | 107.76 | 702 | 84.68 | 829 | 1.89 | -5.58 |
| 5 | 82.69 | 688 | 61.37 | 1121 | 89.30 | 585 | 71.96 | 813 | -7.11 | -10.58 |
| 6 | 77.26 | 651 | 58.28 | 1117 | 88.91 | 569 | 70.95 | 802 | -11.64 | -12.67 |

Notes: The mean benefit figures cover all households, including those receiving zero benefits.

¹Month 0 is approximate time of food stamp application.

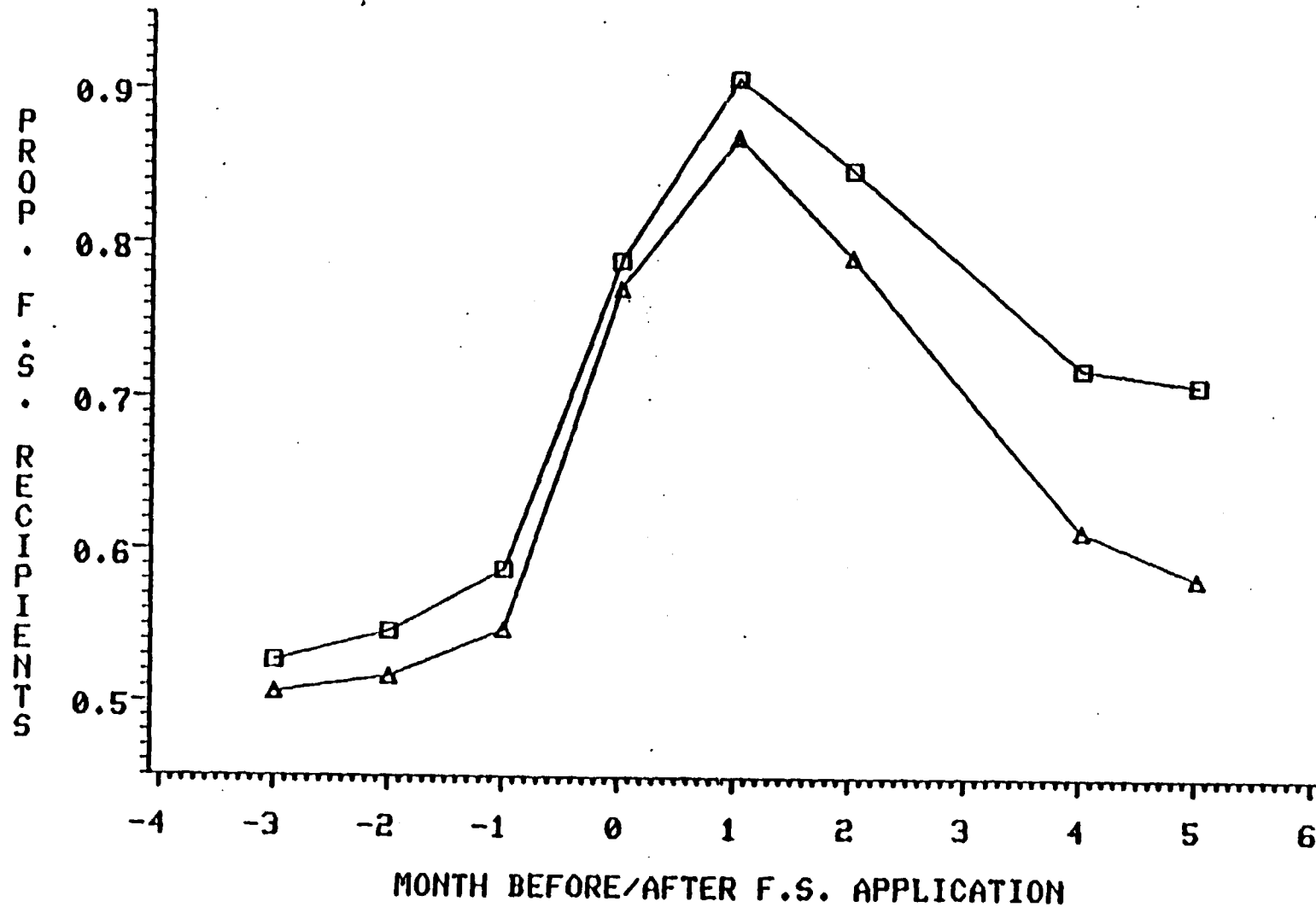
Table 5.13: Treatment Group-Control Group Differences in Average Food Benefits and in the Percent Receiving Food Stamps During the Third Month and Fifth and Sixth Months After Application

| | <u>Average Benefits</u> | | | <u>Percent Receiving Benefits</u> | | |
|---|-------------------------|----------------------|-------------------|-----------------------------------|----------------------|-------------------|
| | <u>Treatment Group</u> | <u>Control Group</u> | <u>Difference</u> | <u>Treatment Group</u> | <u>Control Group</u> | <u>Difference</u> |
| Third Month After Application: | | | | | | |
| All Sites | \$315 | \$310 | +\$5 | 78.3 | 84.8 | -6.5*** |
| Applicant Job Search | | | | | | |
| Fresno | 246 | 264 | -18 | 75.6 | 78.6 | -3.0 |
| Nassau County | 231 | 245 | -14 | 69.2 | 80.6 | -11.4** |
| Job Club | | | | | | |
| Pensacola | 407 | 377 | +30 | 78.0 | 85.2 | -7.2* |
| Maine | 257 | 255 | +2 | 78.3 | 82.6 | -4.3 |
| Portsmouth | 410 | 367 | +43 | 93.1 | 94.2 | -1.1 |
| Group Job Search Assistance | | | | | | |
| Kentucky | 414 | 416 | -2 | 92.4 | 93.3 | -0.9 |
| Job Club/Workfare | | | | | | |
| San Diego | 213 | 229 | -16 | 59.4 | 79.6 | -20.2*** |
| Fifth and Sixth Months After Application: | | | | | | |
| All Sites | \$160 | \$179 | -\$19*** | 63.4 | 74.5 | -11.1* |
| Applicant Job Search | | | | | | |
| Fresno | 139 | 167 | -18 | 70.7 | 76.6 | -5.9 |
| Nassau County | 123 | 146 | -23* | 54.5 | 76.5 | -22.0** |
| Job Club | | | | | | |
| Pensacola | 190 | 192 | -2 | 64.2 | 69.9 | -5.7 |
| Maine | 118 | 125 | -7 | 59.3 | 63.7 | -4.4 |
| Portsmouth | 257 | 214 | +43 | 86.5 | 84.0 | +2.5 |
| Group Job Search Assistance | | | | | | |
| Kentucky | 213 | 261 | -48** | 72.0 | 78.3 | -6.3 |
| Job Club/Workfare | | | | | | |
| San Diego | 77 | 113 | -39** | 39.4 | 70.6 | -31.2*** |

Note: ***, **, and * denote significance at the 1, 5, and 10 percent levels.
Source: Tabulations from the three and six months surveys.

Figure 5.2

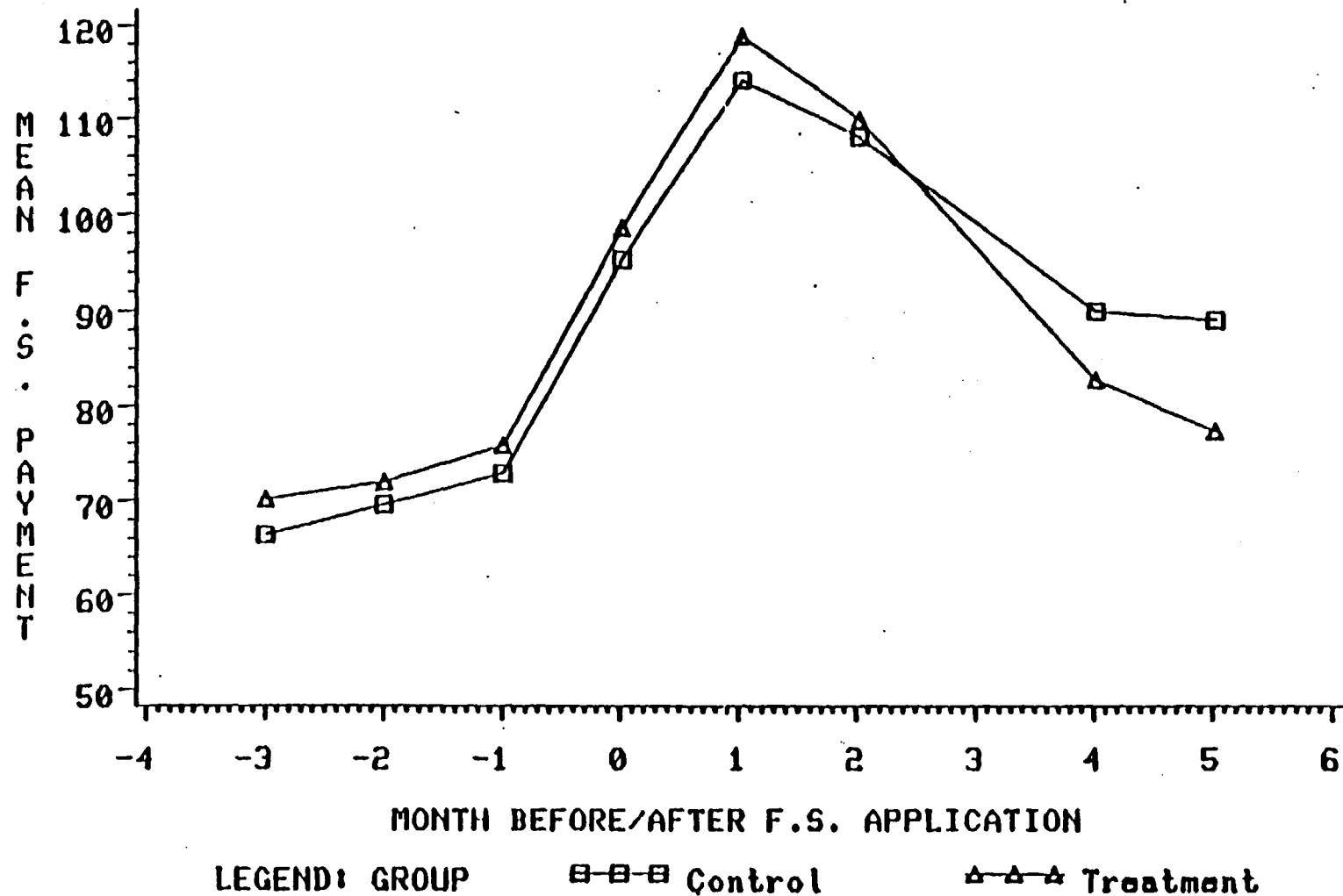
PROP. F.S. RECIPIENTS AS A FUNCTION OF MONTH



LEGEND: GROUP ■■■ Control ▲▲▲ Treatment
MONTH 0 IS APPROXIMATE TIME OF FOOD STAMP APPLICATION

Figure 5.3

MEAN F.S. PAYMENT AS A FUNCTION OF MONTH



MONTH 0 IS APPROXIMATE TIME OF FOOD STAMP APPLICATION

Table 5.14: Impact of Treatment on Receipt of Food Stamp Benefits
During the Third and Sixth Months After Application

| | <u>Third Month After</u> <u>Application</u> | | <u>Sixth Month After</u> <u>Application</u> | |
|--|--|----------------|--|----------------|
| | <u>Males</u> | <u>Females</u> | <u>Males</u> | <u>Females</u> |
| Percent of Control Group Receiving Food Stamps | 84.5 | 85.1 | 65.7 | 76.3 |
| Average Treatment Effect | -.059*** | -.027 | -.093*** | -.152*** |
| <hr/> | | | | |
| Applicant Job Search | | | | |
| Fresno | -.091* | +.044 | -.048 | -.181** |
| Nassau County | -.062 | +.058* | -.076 | -.189* |
| Job Club | | | | |
| Pensacola | -.034 | -.026 | +.009 | -.029 |
| Maine | -.011 | -.040 | -.027 | -.210** |
| Portsmouth | +.010 | -.200* | -.073 | -.037 |
| Group Job Search Assistance | | | | |
| Kentucky | +.003 | -.042 | -.144* | -.196*** |
| Job Club/Workfare | | | | |
| San Diego | -.159*** | -.080 | -.271*** | -.198*** |

Note: The average treatment effects come from equations that include a single treatment dummy variable, holding constant for site, age, race, marital status, household size, school status, years of education, prior work experience, prior receipt of food stamps and welfare income, and the attrition Mills ratio. The site effects come from equations that include dummy variables representing treatment in a specific site. The ***, **, and * denote significance at the 1, 5, and 10 per cent levels.

Source: Probit equations performed on data from the three and six month surveys.

The top panel of Table 5.15 presents estimates of treatment effects that are independent of registrant characteristics and that take account of attrition. The estimates shown in the bottom panel of Table 5.15 draw on Food Stamp Agency records on the amount of benefits paid to registrants in the three months preceding and the six months after application. Since the sample included registrants who were and were not interviewed, the impacts derived from administrative data did not control for differences in registrant characteristics. However, for the same reason, they were not subject to the attrition bias problem.

According to both sets of estimates, treatment status significantly reduced food stamp benefits. The administrative data yielded impacts that were remarkably similar to those derived from survey data. According to results based on administrative data, treatment status lowered household food stamp benefits an average of \$35 during the second quarter after application; in four of the seven sites, assignment to the treatment group resulted in significant benefit reductions ranging from \$48 to \$66. The survey data estimate of the overall treatment effect on benefits in the fifth and sixth months after application was a reduction of \$24; this matched almost exactly the approximately \$12 per month reduction derived from estimates based on administrative data. The consistency of the results by site is particularly striking. The only exception is Fresno; there, the estimates drawn from administrative data yielded large, negative, and statistically significant treatment effects on benefits while the survey-based estimates did not.⁹

⁹The fact that survey operations proceeded least effectively in Fresno may have been responsible for this divergence between results from the two data sources.

Table 5.15: Effects of Treatment Status on Food Stamp Benefits:
Impacts During Fifth and Sixth Months After Application

| | <u>Males</u> | | <u>Females</u> | | <u>All</u> | |
|-----------------------------|-------------------------------|--------------------------------------|-------------------------------|--------------------------------------|-------------------------------|--------------------------------------|
| | <u>Control</u> <u>Mean</u> | <u>Effect of</u> <u>Treatment</u> | <u>Control</u> <u>Mean</u> | <u>Effect of</u> <u>Treatment</u> | <u>Control</u> <u>Mean</u> | <u>Effect of</u> <u>Treatment</u> |
| Food Stamp | | | | | | |
| <u>Benefits:</u> | | | | | | |
| Average Treatment | | | | | | |
| Effect (All Sites): | \$156 | -\$16* | \$173 | -\$30*** | \$165 | -24*** |
| Applicant Job Search | | | | | | |
| Fresno | 201 | +16 | 213 | -23 | 220 | -10 |
| Nassau County | 204 | -64* | 160 | -13 | 183 | -30 |
| Job Club | | | | | | |
| Pensacola | 91 | +14 | 145 | -15 | 118 | +3 |
| Maine | 153 | -17 | 159 | -57*** | 159 | -40*** |
| Portsmouth | 167 | +18 | 231 | -12 | 213 | -1 |
| Group Job Search | | | | | | |
| Kentucky | 165 | -34* | 144 | -33* | 155 | -33*** |
| Job Club/Workfare | | | | | | |
| San Diego | 167 | -70*** | 173 | -60*** | 168 | -59*** |
| <hr/> | | | | | | |
| Impacts Based on | First Quarter | | Second Quarter | | | |
| Administrative | After Application | | After Application | | | |
| Benefits Data | <u>All Registrants</u> | | <u>All Registrants</u> | | | |
| Average Treatment Effect | -\$5 | | -\$35*** | | | |
| Applicant Job Search | | | | | | |
| Fresno | -34* | | -43*** | | | |
| Nassau County | +45 | | -24 | | | |
| Job Club | | | | | | |
| Pensacola | +15 | | +10 | | | |
| Maine | -11 | | -48** | | | |
| Portsmouth | +57 | | +18 | | | |
| Group Job Search Assistance | | | | | | |
| Kentucky | -6 | | -58* | | | |
| Job Club/Workfare | | | | | | |
| San Diego | -30** | | -66*** | | | |

Note: The effects based on survey data come from tobit equations similar to the earnings equations reported in Table 5.9. The ***, **, and * denote significance at the 1, 5, and 10 per cent levels. The effects based on administrative data come from regressions in which first or second quarter benefits is the dependent variable and the explanatory variables are preapplication benefits and a dummy variable representing treatment. These regressions included all registrants in the interview pool on whom benefits data were available. Separate regressions were run for each site.

Source: Tobit equations estimated from the three month and six month surveys and least squares regressions estimated from administrative benefits data. See Appendix B.

In addition to lowering food stamp payments, treatment status could have influenced benefits received by the registrant's household from other transfer programs, such as unemployment insurance and cash welfare. Since benefits decline with earnings in most income transfer programs, the positive treatment effects on earnings would be expected to result in reductions in benefits from other transfer programs. Another possibility was that the increased noncompliance among treatment group registrants under the Food Stamp Program led many not to comply with rules of other programs.

Whatever the precise cause, the estimates in Table 5.16 show that treatment status lowered total transfers by about \$65 during the fifth and sixth months after application, an amount substantially more than the \$24 reduction in food stamp benefits. On average, the reduction in monthly transfer payments associated with being assigned to the treatment group was over 12 percent. Note that the effects of treatment status were negative in all sites.

5.10 Impact of Treatment Status on Family Income

Treatment status might have increased family incomes, as a result of the positive effects on earnings, or decreased family incomes, as a result of negative effects on food stamp benefits. According to the estimates based on multiple regressions, being in the treatment group exerted a positive effect that was generally not statistically significant. Household incomes of treatment registrants rose significantly more than controls only in Fresno. The treatment's stimulus to the earnings of registrants might have caused other family members to reduce earnings. Such effects would be consistent with the notion that increases in family income lower the amount of labor supplied by other family members. However, multivariate analyses testing this hypothesis showed that treatment status exerted no impact whatever on earnings

Table 5.16: Effects of Treatment Status on Total Transfers
During the Fifth and Sixth Months After Application

| | <u>Males</u> | | <u>Females</u> | | <u>All</u> | |
|---------------------------------------|-------------------------------|--------------------------------------|-------------------------------|--------------------------------------|-------------------------------|--------------------------------------|
| | <u>Control</u> <u>Mean</u> | <u>Effect of</u> <u>Treatment</u> | <u>Control</u> <u>Mean</u> | <u>Effect of</u> <u>Treatment</u> | <u>Control</u> <u>Mean</u> | <u>Effect of</u> <u>Treatment</u> |
| <u>All Transfers:</u> | | | | | | |
| Average Treatment Effect (All Sites): | \$497 | -\$54* | \$542 | -\$58*** | \$527 | -\$65*** |
| Applicant Job Search | | | | | | |
| Fresno | 889 | -176 | 746 | -126** | 747 | -89* |
| Nassau County | 573 | -194* | 562 | -66 | 570 | -133** |
| Job Club | | | | | | |
| Pensacola | 245 | +69 | 463 | +3 | 358 | -24 |
| Maine | 533 | +1 | 546 | -96 | 503 | -53 |
| Portsmouth | 417 | +23 | 635 | -76 | 534 | -15 |
| Group Job Search Assistance | | | | | | |
| Kentucky | 426 | -42 | 489 | -61 | 469 | -60 |
| Job Club/Workfare | | | | | | |
| San Diego | 698 | -222*** | 496 | +12 | 591 | -117** |

Note: The average treatment effects come from tobit equations using a single dummy treatment variable, holding constant for site, age, race, household size, marital status, school status, years of education, prior work experience, preapplication benefits (food stamp or total transfers), and attrition Mills ratio. The site effects come equations that include dummy variables representing treatment in a specific site. The ***, **, and * denote significance at the 1, 5, and 10 per cent levels. The total effect was slightly higher than either the effect on males or the effect on females because of slight changes in the specification of the equations.

Source: Tobit equations performed on data from the three and six month surveys. See Appendix B for full equations.

by household members other than the registrant. These results appear in Appendix C.

5.11 The Impact of Involvement in Job Club, Job Contact, or Workfare Activity

How did the large, observed effects of treatment status take place?

Was it the participation in job clubs, the making of job contacts, and the work at Workfare jobs that caused the increases in earnings and reductions in food stamp participation rates and benefit payments? Or, did noncompliance lead to the sanctioning of treatment group registrants and, in turn, motivate many to become employed more quickly? Or, did the prospect of having to comply with several requirements or be terminated from the Food Stamp Program stimulate registrants to find jobs on their own?

One way to examine these questions is to tabulate outcomes by whether registrants were or were not involved in making job contacts, attending a job club, or working at a Workfare site. The problem with such tabulations is that they cannot distinguish between the effect of initial differences between registrants who did and did not participate in an activity and the effect of the treatment itself on outcomes. The registrants who ended up attending a job club or going to a Workfare job may have been those least likely to find jobs on their own and most likely to continue on the Food Stamp rolls. Alternatively, registrants most involved in job club or other treatments may have been more likely than other registrants to have a high motivation to find a job.

In spite of these limitations, it is useful to begin with tabulations, as presented in Tables 5.17 and 5.18. The numbers from both tables reveal that treatment-control differences were much larger among those not involved in a treatment activity than among those who were involved. Note in Table

Table 5.17: Earnings and Benefit Outcomes by Experimental Status and Involvement in a Job Contact, Job Club, or Workfare Activity

| | <u>Percent Involved in Job Contact, Job Club, or Workfare Activity</u> | <u>Percent Not Involved</u> |
|---|--|---------------------------------|
| Treatment Group | 54.9 | 45.1 |
| Control Group | 23.2 | 76.8 |
| Received Food Stamps During Sixth Month After Application | | |
| Treatment Group | 60.0 | 56.0 |
| Control Group | 67.2 | 71.8 |
| Difference | -7.2 | -15.8 |
| Food Stamp Benefits: Fifth and Sixth Months After Application | | |
| Treatment Group | \$170 | \$147 |
| Control Group | 166 | 184 |
| Difference | 4 | -37 |
| Earnings: Fifth and Sixth Month After Application | | |
| Treatment Group | \$355 | \$359 |
| Control Group | 374 | 278 |
| Difference | -19 | 81 |
| Total Income: Fifth and Sixth Month After Application | | |
| Treatment Group | \$1179 | \$1110 |
| Control Group | 1139 | 1130 |
| Difference | 40 | -20 |
| Denied Certification or Terminated for Noncompliance by Sixth Month After Application | | |
| Treatment Group | 20.7 | 25.7 |
| Control Group | 15.1 | 7.9 |
| Difference | 5.6 | 17.8 |

Note: Those participating in treatment include those who reported making job contacts, attending job clubs, or having worked at a workfare site.

Source: Tabulations from three and six month surveys.

Table 5.18: Earnings and Benefits of Treatment Group by Final Classification, Receipt of Treatment, and Denial or Termination

| | <u>Final Classification</u> | | |
|--|-----------------------------|-------------------|-----------------------|
| | <u>Not Assessed</u> | <u>Category I</u> | <u>Other Category</u> |
| Percent of Treatment Group Registrants | 12.7 | 50.8 | 36.5 |
| Percent: Benefits Denied or Terminated | 46.2 | 26.4 | 9.6 |

| Outcomes: Fifth and Sixth Months Postapplication | <u>Not Assessed</u> <u>Denied/ Terminated</u> | <u>Not Denied/ Terminated</u> | <u>Category 1</u> <u>Denied/ Terminated</u> | <u>Not Denied/ Terminated</u> |
|--|--|-------------------------------|--|-------------------------------|
| Weeks Employed As Percent of All Weeks | 44.7 | 37.8 | 34.1 | 43.0 |
| Earnings | \$471 | \$438 | \$357 | \$387 |
| Received Any Food Stamp Benefits | 29.8% | 52.4% | 33.6% | 71.6% |
| Food Stamp Benefits | \$43 | \$102 | \$65 | \$197 |
| Total Income | \$1100 | \$1249 | \$920 | \$1240 |

| Outcomes for Category I Registrants | <u>Category I</u> <u>Involved in Job Contacts, Job Club, or Workfare</u> <u>Denied/ Terminated</u> | | <u>Category I</u> <u>Not Involved in Job Search or Workfare</u> <u>Denied/ Terminated</u> | |
|--|--|--------|---|--------|
| Percent of Total | 11.6 | 46.3 | 7.5 | 34.6 |
| Weeks Employed As Percent of All Weeks | 31.9 | 37.7 | 40.9 | 39.7 |
| Earnings | \$306 | \$343 | \$408 | \$321 |
| Received Any Food Stamp Benefits | 34.4% | 74.9% | 37.9% | 75.2% |
| Food Stamp Benefits | \$67 | \$200 | \$61 | \$212 |
| Total Income | \$871 | \$1202 | \$926 | \$1137 |

Source: Tabulations from Client Participation History and six month surveys.

5.18 that, of the 50 percent of treatment group registrants classified as Category 1, those involved in treatment had similar or lower employment and earnings and higher food stamp benefits than those not involved in treatment. Those not assessed at all had the highest earnings and lowest food stamp benefits.

These tabulations results leave open the question of whether the treatments had no effect or whether initial differences in the characteristics of registrants offset potential positive effects of job contact, job club, or Workfare activities. Obtaining unbiased estimates of treatment activity required using the two stage process described in section 5.3.2. An initial equation predicted the probability of participating in a treatment activity for each registrant. The outcome equation measured the impact of each registrant's probability of making job contacts, attending a job club, or working at a Workfare site. Table 5.19 presents estimates of the impact of treatment activity, based on registrant's actual and predicted involvement in treatment.

The differences between the two sets of results are striking. Actual participation in treatment had no significant impacts on earnings, employment, food stamp participation, or food stamp benefit outcomes. In contrast, in estimates of the impact of predicted treatment, several significant effects emerged, especially among women registrants. This pattern of estimates resulted partly from the fact that the treatment group registrants most likely to remain in job clubs or Workfare jobs, or to continue making job contacts were those who cannot find jobs on their own. As a result, the average earnings of participants would tend to be lower than earnings of non-participants, independently of any impact of the job search activities. However, once the analysis controlled for these differences in the composition

Table 5.19: Impact of Involvement in Job Contacts, Job Club, or Workfare:
Estimates Based on Observed and Predicted Involvement

Earnings, Employment and Food Stamp Outcomes:
Fifth and Sixth Months After Application

| | <u>Male Registrants</u> | | <u>Female Registrants</u> | |
|---|---------------------------------|----------------------------------|---------------------------------|----------------------------------|
| | <u>Observed Involvement</u> | <u>Predicted Involvement</u> | <u>Observed Involvement</u> | <u>Predicted Involvement</u> |
| Natural Log of Earnings | -.33 | .49 | .14 | 1.09*** |
| Weeks Employed As A Percentage of All Weeks | -.03 | .02 | -.11 | .13*** |
| Probability of Receiving Any Food Stamps | .00 | -.18** | .00 | -.25*** |
| Probability of Sanctioned for Noncompliance | .07*** | .47*** | .00 | .20*** |
| Mean Food Stamp Benefits | \$1 | -\$9 | \$4 | -\$40** |

Note: The effects of actual participation are drawn from regressions and probit analyses in which the participation variable equals 1 if the registrant reported making job contacts, attended a job club or worked at a workfare job. The predicted participation variables are the predicted values for each registrant, calculated from the coefficients of a probit equation on the determinants of observed participation. The ***, **, and * represent significance at the 1, 5, and 10 per cent levels.

Source: Regressions and probit equations based on the three and six month household surveys.

of participants and non-participants, job search activities showed up as exerting significant, positive effects on women participants and positive, but not statistically significant, effects on participating men. The fact that job contact, job club, or Workfare activities had a large impact on women is consistent with findings from evaluations of training programs.

5.12 Pattern of Impacts by Site

The chapter's analysis has to this point documented the effects of treatment status by type of outcome. This section examines the pattern of impacts by site by posing three questions:

- In which sites did the job search treatments exert the largest impacts on participants?
- Were the effects within sites consistent across outcomes? That is, did sites exerting large effects on one outcome also exert large effects on other outcomes?
- To what extent were the patterns of impact results by site consistent with the findings from the implementation analysis?

As Table 3.1 in Chapter 3 indicated, given the small samples in individual sites, one could be confident of detecting genuine impacts of 5 percentage points in individual sites only half the time. Nevertheless, in all sites, treatment status exerted significant effects on some outcomes. The largest and most consistent impacts took place in San Diego; there, the job search requirement induced significant increases on job search intensity, on employment and earnings, and on terminations for noncompliance and significant reductions on food stamp participation, food stamp benefits, and total transfer benefits. In Kentucky, the influence of the job search requirement was nearly as large and consistently significant as in San Diego. Treatment group registrants showed significantly higher earnings, lower rates of food stamp participation, and lower food stamp benefits than control group registrants.

At the other sites, the effects of treatment differed by outcome. In Fresno and Nassau County, the two Applicant Job Search sites, treatment status influenced earnings, the proportion receiving benefits, and total transfer payments, but not the proportion terminated for noncompliance or denied certification. The patterns were least consistent in Pensacola, Maine, and Portsmouth. While treatment status in Pensacola raised job search intensity, earnings, and the likelihood of termination for noncompliance, these significant effects did not result in reductions in food stamp participation, food stamp benefits, or total transfers. The treatment effects were somewhat smaller in Portsmouth than in Pensacola, but the pattern was similar. Conversely, the Maine job search requirement did not increase employment or earnings, but did lead to significant increases in terminations and significant decreases in food stamp participation, food stamp benefits and total transfers.

These patterns of site effects are broadly consistent with findings in Chapter 4 on the administration of the job search requirement. San Diego, the site showing the largest impacts, utilized the most intense treatment and administered the requirement rigorously. The relatively low effects observed in Portsmouth are consistent with its less demanding approach to the implementation of a job search requirement.

In Fresno and Nassau County, where the presence of some administrative problems did not appear to weaken substantially the implementation of the Applicant Job Search model, treatment status significantly lowered food stamp participation and total transfers. But surprisingly, the outcome estimates in this chapter showed only small effects of treatment status on registrants being denied certification or being terminated for noncompliance with the search requirement. The implementation results in Chapter 4 had indicated

that many applicants did not comply with the job contact requirement and, as a result, did not become certified to receive food stamps. Evidence showing a high rate of denial of certification among control group applicants suggests that many of the treatment applicants denied certification would have not been certified even in the absence of the Applicant Job Search requirement.

The large and consistent treatment effects on outcomes in Kentucky are somewhat surprising in light of its administrative problems and limited job search treatment. On the other hand, Kentucky did have the highest rate of assessing registrants as job-ready and requiring them to fulfill the job search requirement.

The absence of an impact from the Pensacola treatment on food stamp participation and on food stamp benefits was the only important case in which outcome estimates diverged from the findings of the implementation analysis. The evidence in Chapter 4 indicated that the Pensacola Food Stamp Agency enforced the job contact and job club requirements rigorously. And indeed, this chapter found significant impacts on terminations for noncompliance as well as on earnings. Yet, for some reason, the effects on earnings and terminations did not ultimately lead to reduced food stamp benefits. Biased reporting of benefits received is apparently not the explanation, since the effects based on agency records did not differ from those based on household interviews. One explanation that is consistent with the evidence is that the control group in Pensacola began reducing its involvement in the food stamp program at the same time as the job search treatment was lowering benefits paid to those assigned to the treatment group. Such an explanation would imply that the job search treatment may have induced benefit reductions, but one cannot attribute the reductions to treatment status since similar reductions took place among those assigned to the control group.

6.0 ASSESSMENT OF DEMONSTRATION COSTS

6.1 Introduction and Summary

Operating work registration and job search procedures involves costs as well as benefits. This chapter considers the outlays required to implement job search requirements by answering the following questions:

- What were the total expenses incurred by the Federal and local governments on the operational components of the demonstration? What were the average and marginal costs per participant?
- What accounted for the variation in costs across sites? To what extent was it due to variations in the specific model implemented, to incentives facing the agency to exhaust the demonstration budget, and/or to differences in the extent to which clients used the most expensive services?
- What did the evidence suggest as to the costs per registrant of operating the requirements on an ongoing, nationwide basis?

This chapter analyzes the costs of job search procedures in two ways. The first focuses on actual demonstration outlays by participating Food Stamp Agencies to derive two average cost figures. One is actual costs divided by the number of registrants; the other is actual costs divided by the expected number of registrants (the number specified in the Agency's plan). The second approach develops an estimate based on measures of the labor time and other resources used per registrant. The cost of direct labor time is equal to the wage rate times the amount of direct labor time per registrant. Costs other than direct labor time are based on appropriate overhead ratios.

The highlights of the findings from the cost analysis are as follows:

- The average total monthly cost of the demonstration during the implementation period (July 1983 - June 1984) ranged from \$8,713 in Fresno to \$36,575 in San Diego, with most other sites spending about \$12,000 per month. The expenditure patterns were generally smooth over time. Labor costs made up over 60 percent of total costs.
- The average demonstration cost per participant across all sites was \$65, including in-kind contributions by participating agencies. Kentucky, Maine and Portsmouth had average per participant costs

of \$100 or more, while per participant costs in the other four sites were \$63 or less.

- Time-use data indicated that the demonstration staff allocated and used most of their time for client intake and processing activities, though time spent on employment-related activities increased over the course of the demonstration. The allocation and use of time varied substantially across sites, paralleling the variation in treatment approach. The staff spent only about 30 percent of their available time servicing and processing participants. The main reason for low staff utilization was that most projects operated well under capacity, since the number of actual participants was lower than the number projected to participate. On the other hand, job clubs served 80 percent of the client load they were capable of handling.
- The time-use data, combined with Client Participation Histories and Treatment Participation Rosters, yielded estimates of the marginal cost per participant of each service or processing activity. The marginal cost of individual services across all sites was \$4.50, with a range from \$2.17 in Kentucky to \$6.72 in Fresno. For group services, the marginal cost per participant was \$4.92 across all sites with job clubs; the range was from \$1.81 in Pensacola to \$9.28 in Maine. The marginal cost of the typical service package ranged from \$3.43 per participant in Nassau to \$13.06 per participant in Maine.
- The variation in participant cost was driven by program design features and underutilization due to inadequate client flows. The Applicant Job Search Model was the simplest and clearly the least expensive model; the Job Club/Workfare Model was the most intensive and hence the most expensive. The Job Club and Group Job Search Assistance Models had costs that fell between these two extremes. But, the costs of these two models were highly sensitive to utilization rates, or to the ability of local agencies to adjust staffing levels to the flow of participants. Where client flow was lower than expected, total spending did not decline proportionately; this raised labor and non-labor costs per participant. Screening processes, such as placing clients in holding categories, and attrition did not cause major differences in cost between sites, but may have held down costs generally by reducing the proportion of clients receiving the full array of services.
- Since most sites appeared to have spent more than they would have under an ongoing program, estimates of the costs of permanent versions of the program models were derived from marginal costs per participant and adjustments for necessary non-service time, management cost, and non-labor cost. While the estimates did not include non-labor costs borne by sites directly nor the costs of state and national management, these components would add only a small amount to the unit costs of a national program. The projected unit costs were highest for the Job Club/Workfare Model, at \$80 per participant. The Applicant Job Search Model was less than half as expensive at \$36. Sites implementing Job Clubs had unit costs

that averaged \$60. The costs of the Group Job Search Assistance Model implemented in Kentucky were only \$25 per registrant.

The remainder of this chapter is organized as follows. Section 6.2 discusses the alternative perspectives for measuring costs and the types of costs to be examined. Section 6.3 presents hypotheses about the nature of demonstration model costs, while Section 6.4 introduces the data sources that were used in this study. Section 6.5 discusses total and per-participant project costs across the demonstration sites. Section 6.6 discusses the efficiency of program operations and estimates marginal service costs. Conclusions about the sources of site variations in cost are presented in Section 6.7. Finally, Section 6.8 provides projections concerning the cost associated with operating each model as a permanent program.

6.2 Alternative Perspectives of Costs

The costs and benefits of a program of job search requirements can be evaluated from the perspective of the government, the recipients, or society as a whole. The simplest perspective is the government's, that is, the impact on government outlays. The cost to the government consists of expenditures by government agencies for the labor, materials, equipment, facilities, and other resources used in implementing the demonstration. The benefits are reductions in food stamp payments and in the costs of administering the Food Stamp Program, and increases in taxes paid as a result of increased earnings of participants.

From the participants' perspective, the costs of job search requirements are the value of their time spent complying with job search and/or job club requirements, their out-of-pocket search costs (transportation, telephone,

etc.), and the reductions in their food stamp benefits resulting from sanctions or increased earnings. The benefits are their increased earnings.

From society's perspective, the costs are the value of output that would have been produced had resources not been utilized to carry out the program. The standard assumption is that the opportunity costs of using resources for the program are equal to the dollars spent on these resources. This implies, for example, that outlays on workers administering the program are equivalent to the value of what they would produce in the absence of the program. In this demonstration, the amount of resources used includes not only those associated with direct outlays, such as labor and materials, but also resources that did not appear in expenditure figures. Among the more important uncounted costs were the office space provided by the local agency and participants' time costs. A reduction in food stamp payments is not a cost or a benefit from the social perspective, since wealth is simply transferred from the recipient to the taxpayers. However, reduction in the cost of administering the Food Stamp Program is a social benefit. Increased earnings of participants count as a social benefit only if they do not come at the expense of non-participants.

While participant costs and social costs have clear theoretical meaning, estimates of these costs require special data and are highly sensitive to assumptions. For example, the value of registrants' time spent complying with the job search requirements is an important component of participant costs and social costs. While the amount of time spent could be measured, assigning a value to that time would involve sensitive assumptions about what the individual would have done otherwise (work, education, leisure, care of others) and what these alternative activities were worth. Because of these and other difficulties, the analysis in this report focuses on costs

from the government's perspective, which are largely those costs borne by the Federal government in reimbursing Food Stamp Agencies to operate the demonstration models.

6.3 The Costs of Producing Alternative Job Search Treatments

The standard economic theory of the firm is useful in deriving the government costs of administering the job search requirements. One may think of a local agency producing an output as a function of various inputs. The first problem is to define the output and units for measuring the quantity produced. Were the job search procedures standardized, a natural definition would be the services and processing involved in applying the requirements to a particular registrant. This definition does not capture the fact that the agency can increase production by providing more intensive services to the same number of participants as well as by applying the standard treatment to a larger number of participants. On the other hand, allowing for increases in the intensity of services to add to production can complicate the problem enormously by removing the distinction between inputs and outputs. If every additional hour of job search assistance raised the output, then one would have to give up the concept of the unit costs of "the job search requirement" and replace it with a notion of a schedule of costs for each level of intensity.

The analysis below simplifies the issue by assuming a standardized set of services at each site, but that the intensity of services can vary across sites. Thus, within sites, there are clear notions of units of specific services and numbers of times agencies deliver each service. For example, one may define a unit of service as a typical interaction between the agency and the registrant in the administration of job search procedures. Between

sites, the intensity of such units of service (such as a categorization interview) and the number of times agencies produce each type of service for the typical registrant can vary. These variations lead to site differences in the amount of service represented by administering the job search requirement to a typical work registrant.

The next step is to consider the relationship between inputs and outputs. In general, the production of a unit of service will require amounts of labor, materials, and office space. In principle, one can derive a schedule relating the amount of each input required to produce each level of output. Generally, one would expect to observe economies of scale over the initial range of output, in the sense that the amounts of inputs required would rise less than proportionately with the number of registrants. Even for a few registrants, there is a need for at least one worker, some materials, and office space. A slightly larger number of registrants would not require the agency to increase staff, materials, or office space. As agencies reach the levels of registrants per month normally observed, the appropriate relationship between the number of registrants processed per month and the amounts of staff, materials, and office space required should be about proportional.

Although a schedule may show the minimum inputs required to process and service a specific number of registrants per month, the actual relationship between inputs and outputs can diverge from this schedule substantially. The main reason is that in the short-run, as during the period of this demonstration, it is difficult to vary the inputs used in response to changes in outputs. While one might be able to raise or lower the size of staff in response to seasonal or cyclical fluctuations in the flow of participants, inputs (even labor) are relatively fixed within the period of a month or

two, unless the agency can shift workers from administering the job search requirement to other activities.

Thus, in an actual operating program, the amounts of inputs required to produce a service or process (at a given level of intensity) are likely to depend on the average scale and the variability of the participant flow. The use of inputs to deliver the job search requirement to the average participant will be a function of the requirements for individual service components and of the average use of the components.

Moving from inputs to costs is straightforward, assuming that the prices of inputs (wages of each class of worker, prices of materials, and office rents) are fixed. The cost of a unit of service will simply be the sum of the amount of each input used times the price per unit of each input. To illustrate with labor time, the labor cost will be the average number of hours expended to produce an assessment interview times the salary per hour. Because some inputs are difficult to vary with the number of instances of service, costs may vary for each quantity of units delivered per month. Moreover, even for a given monthly quantity, costs might vary because of differences in the variability of participants flows within the month.

Given these sources of variation in unit costs, this chapter derives two sets of cost estimates. One estimate is simply the total costs spent by agencies divided by the number of participants. This approach measures average costs under the assumption that either FNS or Food Stamp Agencies cannot alter their expenditures to respond to differences between the actual participant flow and the projected flow. The resulting cost estimates may overstate the costs expected in an ongoing program for two reasons. First, FNS allocated each demonstration site a fixed budget and did not demand reimbursement if actual enrollment was smaller than projected enrollment.

As a result, local managers had no incentive to return unexpended funds, even if the manager could take steps to adjust to the underenrollment. This tendency to exhaust one's budget because of the incentives associated with fixed budgets is known as the "budget exhaustion syndrome."

The alternative approach is to build on estimates of marginal costs per participant of administering the job search procedures. The first step is to calculate the amount of each input required for each service, the cost of the inputs, and the average number of services per participant. The next step is to take account of the costs of necessary staff time not in direct service or processing, of some management costs, and of some non-labor costs.

The idea behind this approach is that managers would be able to adjust their inputs so as to operate at the scale actually observed during the demonstration. The result is not necessarily a lower bound on costs because agencies might have been able to reduce marginal costs, if managers had planned for the scale of operations appropriate for the actual number of participants. However, these marginal costs probably understate the unit costs experienced in an operating program, because it is difficult in practice to keep the capacity of the office in line with the flow of registrants subject to the job search requirements.

Without knowing the precise set of incentives provided to agencies to economize or the methods by which FNS adjusts cost allowances, one cannot specify which is the most appropriate cost figure for an operating program. This chapter presents two sets of estimates: the unit costs actually experienced and unit costs built up from estimates of marginal costs of delivering job search requirements.

6.4 Expected Variations in Costs of Alternative Procedures

Examining the variations in costs across sites helps to provide insight about the general reasons costs can vary. The sites designed and operated alternative models of the job search requirements at various scales. The relationship between projected and actual enrollment varied by site, as did labor costs. In what ways did these factors influence cost variations? Of primary interest is how the unit costs depended on the type of job search procedures implemented.

The main service components delivered during the job search procedures appear in Figures 2.1 and 2.2. First, an eligibility worker reviewed an applicant's exemption status and registered all nonexempt applicants for work. This process took place as part of the existing food stamp application process; the job search procedures added only minimal paperwork. Second, the agency staff scheduled an assessment interview and assigned the registrant to job search if he or she was determined to be job ready. In the Applicant Job Search Model sites (Nassau and Fresno counties), food stamp workers in the Income Maintenance units scheduled applicants for assessment interviews with demonstration Employment Unit staff immediately following the work registration exemption determination. In San Diego, demonstration staff assessed and categorized all work registrants to fulfill the Job Club and Workfare requirement. In all other sites except Kentucky (where there was no formal assessment), Employment Unit staff received lists of nonexempt treatment registrants and called registrants in for the assessment interview. They were also responsible for assigning job-ready registrants to make job contacts and/or attend the job club. Thus, up to and including assessment and categorization, procedures did not differ substantially with respect to registrant processing across sites. Differences did occur in the way sites

imposed job search requirements. The Applicant Job Search Model required only verification of job contacts on a periodic basis after the initial job-readiness assessment. Thus, it was expected that this approach would be least expensive to operate.

The Job Club Model sites offered a more intensive service package. After initial assessment, job ready registrants were required to complete a group search activity that averaged three weeks. In Portsmouth, staff not only administered the job clubs, but also offered extensive individual services to participants. These services included contacting employers and providing transportation to interviews. Although the Portsmouth proposal did not specify nor did FNS approve spending money on the transportation function, the combination of group job search activity and some individual employment services might have resulted in relatively high costs per participant. The full-day sessions of the job club in Maine were expected to boost costs there. In Pensacola, all participants were required to participate in low-cost job search activities before attending job clubs. If registrants failed to complete the initial job search requirement, the number enrolling in high cost, labor-intensive job club would decline. Such "screening out" of participants from job clubs would cause the cost of operations in Pensacola to be lower than in Job Club sites like Maine. If, however, most participants completed the job search, remained unemployed, and then entered the job club, this "double requirement" would tend to increase operating costs relative to the other sites.

The Job Club/Workfare Model in San Diego, while expected to be more expensive than the Job Club or Group Job Search Assistance Models, might have achieved economies of scale because of the large number of clients expected to participate. On the other hand, the double requirement of job

club followed by Workfare could easily inflate costs above the level of the other sites.

Kentucky's model was clearly expected to be less costly than the Job Club Model. The Employability Skills Training workshop and the use of brief group sessions to monitor individual job search were expected to hold down costs per participant to a level below the full Job Club sites.

Although these model-related factors are not the only reasons for expecting differences in unit costs across sites, they are of special interest because policymakers can determine the model or models to be implemented. Subsequent sections interpret some of the cost variations across sites in terms of differences in the models.

6.5 Data Sources and Methods of Computing Costs

The evaluation dealt with the costs of processing participants not exempted from work registration and job search requirements. Only costs attributable to administration of the job search requirement itself were considered, because the costs of work registration would have been incurred even in the absence of the demonstration. Put simply, the analysis isolated the costs of processing treatment group registrants that did not have to be incurred in processing the control group registrants.

One way of isolating costs associated with conducting and monitoring job search requirements was to consider only those outlays directly charged to each site's demonstration budget. These expenditures, which were easily traced, represented the bulk of the job search requirement expenses. In several sites, in-kind contributions paid for components of the job search requirement. Although no in-kind contributions were thought to be substantial, the estimates did include them when it was feasible to do so.

The cost analysis drew on five types of data:

- Invoices recording actual demonstration expenses charged to the Food and Nutrition Service.
- Data on projected and actual number of participants per month, from original proposals and Monthly Progress Reports from each site.
- Data on the average number of activities associated with each client, from the Client Participation Histories.
- Detailed data collected from each site during one week in November 1983 and one week in April 1984 on the staff time utilization and costs associated with providing demonstration services.
- Treatment Participation Rosters from sites administering job clubs and group job search assistance.

The invoice data yielded direct estimates of the total cost of operating each demonstration approach. Dividing the total cost estimates by the number of participants (obtained from the Monthly Progress Reports) yielded estimates of the average costs per participant during the demonstration. Comparisons of actual to estimated client flow helped explain site differences in average cost. Individual components of cost (labor, fringe benefits, and nonlabor expenses) recorded on invoices submitted by sites also helped to explain variation in expenditures within and across sites.

Costs derived from FNS invoices understated the actual resource cost of operating the demonstration because agencies made in-kind contributions, including the use of facilities and certain staff. The cost estimates did take account of the agency's contributions of Income Maintenance worker time (chiefly, in processing Notices of Adverse Action). However, the cost of donated space and equipment did not appear in the cost figures because the appropriate data were not available.

The evaluation contractor supplemented the invoices and client flow data by collecting detailed time use and cost data during one week in November

1983 and another week in April 1984. Site staff completed two data collection instruments under the supervision of the on-site analyst. The Staff Utilization Roster (see Appendix A) listed each demonstration staff position, the associated salary and hours worked per week on the project, and a breakdown of time spent on the following functions:

- Management
- Pre-assessment
- Assessment
- Job search monitoring
- Other individual assistance
- Group activities
- Rescheduling and noncompliance

The Staff Utilization Rosters were the primary data source used in estimates of the time and cost associated with processing job search requirements in each site. Data from the rosters permitted direct calculations of average salaries, the total number of staff, and available management and direct client service time; and estimates of the amount of time allocated to specific demonstration functions. The average demonstration costs of specific services was largely the product of the time per activity times the average salary. Since the Staff Utilization Rosters did not take into account ordinary down time activities, such as coffee breaks, or down time associated with lower than planned client flow, they did not reveal the actual fraction of a given day that staff spent working with participants or processing their cases. To derive the direct costs of client service, the evaluation contractor administered a second data collection instrument, called a Job Ticket, during the November and April study weeks (see Appendix A). The Job Tickets tracked direct service time by activity for individually provided services. A separate

Job Ticket was filled out for each client processed during the study week. For each task completed either directly with the client or pertaining specifically to the client's case, staff members made an entry on the Job Ticket that was attached to a client's case folder. The total time spent processing individual cases was then compared to the Staff Utilization Roster's record of time allocated to tasks. This allowed for estimation of sites' productive and unproductive labor time, both in the aggregate and by specific activity.

The Job Tickets measured the time spent on instances of a particular service or process, such as job search monitoring. Multiplying these estimates of labor hours times the salary cost per hour (using data from the staff rosters) yielded estimates of the marginal costs of the service. Adding in costs of management time, nonlabor costs, and the costs of necessary staff time spent on activities other than direct service produced estimates of the unit costs of a service. These unit costs were lower than the average demonstration costs because they did not include the costs of underutilization of inputs associated with operating below capacity.

Moving from unit costs of a particular service to average overall costs per participant required estimates of the average number of instances of each activity. With data from Client Participation Histories, such estimates were derived by dividing the number of activities (for example, reported job contacts) by the total number of participants. Obtaining the unit cost per client of the activity followed directly, by multiplying the average number of activities per client times the marginal cost of an instance of the activity. Summing the unit costs of each type of activity yielded the estimate of the cost per participant of the job search requirement. The Job Tickets did not apply to group activities, such as job club and Employability

Skills Training sessions. An assessment of the costs and utilization of group operations was possible using site attendance records, salaries, staff/client rations, and the length of participation in job clubs. The estimate of utilization was equal to the actual attendance in all job clubs during two four-week periods in Fall 1983 and Spring 1984, divided by the planned capacity of these group sessions.

Workfare was another exception. Since the demonstration did not pay the costs of Workfare, invoice data from San Diego did not include the expenses of assigning registrants to Workfare sites and of developing and monitoring Workfare sites.¹ A further complication was that the Workfare component for food stamp registrants was embedded in a large program operated by the welfare agency that covered recipients of Aid to Families with Dependent Children. Data from the full county-wide program were available and provided estimates of the assignment, worksite development, and monitoring costs per registrant.

6.6 A Comparison of Monthly Project Costs

6.6.1 Total Monthly Project Costs

Monthly expenditures charged to the project varied widely across sites. As reported in Table 6.1, San Diego showed the highest monthly expenditures (\$36,575), followed by the Maine (\$19,781); Pensacola, Portsmouth, Kentucky and Nassau (\$12,000) and Fresno (\$8,713). Expenditure patterns were stable over time, except in Fresno, Maine, and Kentucky. Part of the variation in Fresno was attributable to the disbursement of back pay in several lump sums. Sites' invoices to FNS represented the largest fraction of the cost of

¹The costs incurred by units of government employing registrants in Workfare positions could be ignored, since these agencies would be reluctant to participate unless the value of the registrants' labor time were at least equal to such costs.

Table 6.1

Actual Monthly Costs and Estimates of Monthly In-Kind Contributions
(In dollars)

| | APPLICANT JOB SEARCH | | | | | | JOB CLUB | | | | GROUP JOB SEARCH ASSISTANCE | | JOB CLUB/WORKFARE | | Average of All Sites | |
|--|----------------------|--------|------------------|--------|------------------|--------|--------------------|--------|------------------|--------|-----------------------------|--------|------------------------|---------|----------------------|--------|
| | Fresno | | Nassau | | Pensacola | | Maine ¹ | | Portsmouth | | Kentucky | | San Diego ¹ | | | |
| | Labor and Fringe | Total | Labor and Fringe | Total | Labor and Fringe | Total | Labor and Fringe | Total | Labor and Fringe | Total | Labor and Fringe | Total | Labor and Fringe | Total | Labor and Fringe | Total |
| 7/83 | 19,961 | 20,780 | 9,107 | 9,107 | 9,686 | 11,602 | 40,531 | 62,265 | 10,465 | 11,517 | 14,891 | 23,171 | 61,608 | 86,975 | | |
| 8/83 | | | 10,371 | 10,371 | 9,064 | 10,378 | | | 11,553 | 11,839 | | | | | | |
| 9/83 | | | 13,116 | 13,116 | 9,368 | 11,491 | | | 10,541 | 13,003 | | | | | | |
| 10/83 | 27,990 | 29,138 | 10,381 | 10,381 | 11,462 | 11,789 | 48,655 | 82,213 | 9,049 | 10,409 | 24,968 | 32,491 | 78,278 | 114,944 | | |
| 11/83 | | | 9,812 | 9,812 | 10,625 | 11,599 | | | 11,935 | 12,963 | | | | | | |
| 12/83 | | | 12,709 | 29,592 | 9,362 | 11,296 | | | 10,171 | 11,293 | | | | | | |
| 1/84 | 24,343 | 24,343 | 7,350 | 7,350 | 10,206 | 11,770 | 33,861 | 52,571 | 9,237 | 10,731 | 27,990 | 58,459 | 77,100 | 122,076 | | |
| 2/84 | | | 10,689 | 10,689 | 10,755 | 14,047 | | | 10,635 | 11,737 | | | | | | |
| 3/84 | | | 10,051 | 10,051 | 10,369 | 12,599 | | | 9,132 | 10,547 | | | | | | |
| 4/84 | 29,099 | 30,292 | 10,611 | 10,611 | 8,996 | 11,424 | 27,937 | 40,320 | 11,173 | 11,988 | 28,211 | 51,270 | 51,127 | 114,995 | | |
| 5/84 | | | 9,067 | 9,067 | 8,380 | 13,160 | | | 12,600 | 14,473 | | | | | | |
| 6/84 | | | 9,067 | 9,067 | 6,704 | 16,955 | | | 12,409 | 13,673 | | | | | | |
| Average Cost/Mo. | 8,449 | 8,7130 | 10,694 | 12,334 | 9,348 | 11,850 | 12,582 | 19,781 | 10,742 | 12,014 | 8,005 | 12,726 | 24,859 | 36,575 | 12,087 | 16,285 |
| % of Cost Due to Labor & Fringe | 96.9 | | 86.7 | | 80.6 | | 67.6 | | 89.4 | | 62.9 | | 68.0 | | 74.2 | |
| Estimated Monthly In-Kind Contributions | 257 | 257 | 202 | 202 | 89 | 89 | 134 | 134 | 68 | 68 | 124 | 124 | 1,399 | 1,399 | 325 | |
| Average Cost/Mo. Including In-Kind Contributions | 8,706 | 8,970 | 10,896 | 12,536 | 9,637 | 11,939 | 12,716 | 19,915 | 10,810 | 12,082 | 8,129 | 12,850 | 26,258 | 37,974 | 12,412 | 16,610 |

Source: Monthly Progress Reports (see Table 6.4 for Derivation of Estimated Monthly In-Kind Contributions).

Notes:

¹Costs adjusted to account for officers receiving demonstration funds but excluded from client flow count.

operating the demonstration. Another cost was in-kind contributions by the local Food Stamp Agency, largely from the rent-free use of space and equipment by demonstration staff and the time donated by Income Maintenance Unit workers. No estimates were made of the rent-free office space. However, estimates of the costs of the Income Maintenance Unit worker's time came from data collected by On-Site Analysts on the salaries and the time these workers spent with participants that was specifically associated with the job search requirements. Note in Table 6.2 that this contribution was minimal, averaging five minutes per client in all sites except San Diego. Even in San Diego, where assessment time increased the total per client contribution to thirteen minutes, the average monthly costs of this contribution was only about 3 percent of total costs.

6.6.2 Estimates of the Demonstration's Average Costs Per Participant

The average demonstration costs per participant equal the average monthly costs (including in-kind contributions of eligibility worker time) divided by average monthly client flow. The flow measure used for cost and benefit estimates was the average number of work registrants assigned to the treatment group. The exception (for purposes of the cost estimates) was in Fresno, where the number scheduled for assessment was used because it was the more reliable measure of client flow.

These estimates of average costs in the bottom half of Table 6.3 show a considerable disparity between the four relatively inexpensive sites (Fresno, Pensacola, Nassau, and San Diego), with costs under \$65 per person assigned to treatment, and the three relatively expensive sites (Kentucky, Maine, and Portsmouth) with average costs of \$100 to \$120. The average cost across all sites was \$65 per participant.

Table 6.2

Estimates of Costs of the Demonstration Not Directly
Charged to the Demonstration Budget (In-Kind Contributions)

| Site | Estimated hourly salary and fringe, ¹ eligibility workers | Estimated Average Min-Minutes Spent on Demonstration per Client | Average Number of Clients Seen per Month | Estimate of IMU/Eligibility workers' total monthly in-kind contribution |
|-----------------------------|--|---|--|---|
| Applicant Job Search | | | | |
| Fresno | 9.25 | 5 | 334 | 257 |
| Nassau | 10.13 | 5 | 239 | 202 |
| Job Club | | | | |
| Pensacola | 5.66 | 5 | 189 | \$ 89 |
| Maine | 8.44 ² | 5 | 190 | 134 |
| Portsmouth | 8.13 | 5 | 100 | 68 |
| Group Job Search Assistance | | | | |
| Kentucky | 11.49 ² | 5 | 129 | 124 |
| Job Club/Workfare | | | | |
| San Diego | 10.67 | 13 | 605 | 1,399 |

Source: Staff Utilization Rosters, Monthly Progress Reports, on-site observation.

Notes:

¹Fringe costs were estimated using the demonstration employment unit staff fringe rates.

²Maine figure derived from November 1983 data; Kentucky from April 1984; all others average of November 1983 and April 1984.

-Table 6.3

Monthly Client Flow and Cost per Participant

| | APPLICANT JOB SEARCH | | JOB CLUB | | | GROUP JOB SEARCH ASSIS- TANCE | JOB CLUB/ WORKFARE | Aver- age of All- Sites |
|--|--|---|---|---|---|---|---|----------------------------------|
| | Fresno | Nassau | Pensa- cola | Maine | Ports- mouth | Ken- tucky | San Diego | |
| | # Called In for As- sess- ment ¹ | # As- signed to Treat- ment | # As- signed to Treat- ment | # As- signed to Treat- ment | # As- signed to Treat- ment | # As- signed to Treat- ment | # As- signed to Treat- ment | |
| 7/83 | 424 | 38 | 296 | 214 | 145 | N/R | 580 | |
| 8/83 | 419 | 221 | 300 | 185 | 115 | N/R | 571 | |
| 9/83 | 342 | 191 | 181 | 257 | 98 | N/R | 448 | |
| 10/83 | 452 | 232 | 158 | 209 | 155 | 152 | 506 | |
| 11/83 | 392 | 230 | 178 | 186 | 136 | 117 | 534 | |
| 12/83 | 363 | 251 | 160 | 150 | 111 | 104 | 623 | |
| 1/84 | 385 | 328 | 178 | 220 | 105 | 163 | 621 | |
| 2/84 | 326 | 296 | 204 | 152 | 51 | 128 | 789 | |
| 3/84 | 231 | 310 | 128 | 188 | 42 | 108 | 866 | |
| 4/84 | 168 | 291 | 104 | 134 | 45 | 72 | 509 | |
| 5/84 | 174 | 77 | 0 | 15 | N/A ² | 0 | N/A | |
| Monthly Average | 334 | 239 | 189 | 190 | 100 | 129 | 605 | |
| Labor & Fringe Cost Per Parti- cipant | \$25 | \$45 | \$51 | \$66 | \$107 | \$62 | \$41 | \$47 |
| Total Demon- stration Cost per Participant | \$26 | \$52 | \$63 | \$104 | \$120 | \$99 | \$60 | \$64 |
| Total Cost per Participant, (including in- kind contribu- tions) | \$27 | \$52 | \$63 | \$105 | \$121 | \$100 | \$63 | \$65 |

N/A = Not applicable N/R = Not relevant.

Sources: Monthly Progress Reports, site invoices to FNS.

Notes:

¹ The number of clients "called in for assessment" was the best measure of the size of the treatment group in Fresno.

²

Data not available for site and time period.

The results indicate that the program model was a significant factor affecting average cost. The two Applicant Job Search sites, Fresno and Nassau, had the lowest average cost; the two highest average cost figures were at Job Club sites. Portsmouth was the most expensive of the three Job Club sites. Somewhat surprisingly, San Diego's combination of Job Club and Workfare activities cost less than Kentucky's more limited Group Job Search Assistance activities. The explanation may be the savings in San Diego attributable to economies in large-scale production or to the agency's experience in implementing work requirements of various kinds.

Within models, demonstration costs per participant declined with the scale of the project. Of the two Applicant Job Search sites, Fresno had the lower average cost and the higher inflow of applicants. The lowest client flow among the Job Club sites and overall was in Portsmouth, the site with the highest cost.

In accordance with the "budget exhaustion" hypothesis (see Section 6.3), the cost per participant reached high levels in sites where actual enrollment fell well short of planned enrollment. Note in Table 6.4 that, except in Maine², in the sites where costs reached \$100 per participant, actual enrollment as a proportion of projected enrollment was lowest. In San Diego and Nassau County, average costs were low despite enrollment levels well below projected levels. However, had enrollment reached the levels projected, average costs would have been even lower. The reason is that budgets provided

²Maine was an important exception for reasons that are not inconsistent with the budget exhaustion hypothesis. The Maine demonstration operated in five Food Stamp Agency offices according to one budget with the Food and Nutrition Service, but the analysis covered only three of these offices. Apparently, Maine billed for expenses in a way that gave the three offices included in the analysis more money than was projected based on the projected client flow in these offices. As a result, the Maine figures for average demonstration costs are not comparable to the figures for other sites.

Table 6.4

Comparison of Actual Demonstration Cost per Participant to Estimates
Using Pre-Demonstration Predicted Client Flows

| | Pre-Demon- stration <u>Estimate</u> of Monthly Client Flow (Treat- ment Group) | <u>Actual</u> Monthly Client Flow (Treat- ment Group) | Actual Par- ticipation as a Percent of Estimated Participation | Actual Dem- onstration Cost ¹ per <u>Estimated</u> Participant | Actual Dem- onstration Cost ¹ per <u>Actual</u> Participant |
|-----------------------------------|--|---|--|---|--|
| Applicant Job Search | | | | | |
| Fresno | 285 | 334 | 117% | \$ 31 | \$ 26 |
| Nassau | 333 | 239 | 72% | \$ 37 | \$ 52 |
| Job Club | | | | | |
| Pensa- cola | 200 | 189 | 95% | \$ 59 | \$ 63 |
| Maine ² | 80 | 190 | 238% | \$ 247 ³ | \$104 |
| Ports- mouth | 171 | 100 | 58% | \$ 70 | \$120 |
| Group Job Search Assistance | | | | | |
| Ken- tucky | 200 | 129 | 65% | \$ 64 | \$ 99 |
| Job Club/ Workfare | | | | | |
| San Diego ² | 840 | 605 | 72% | \$ 44 | \$ 60 |

Note: Estimated client flows were taken from site proposals.

Notes:

¹ Does not include in-kind contributions.

² Pre-demonstration estimates of client flow and actual costs have been adjusted to account for offices receiving demonstration funds but excluded from actual client flow data.

³ Comparison of actual expenditures to initial estimates of client flow is inappropriate in Maine (see text).

by FNS to both sites represented an allocation per planned enrollee that was low in comparison to other sites.

One distinctive feature among the least expensive sites was a screening mechanism that considerably reduced the number of clients receiving the full battery of services. In Fresno, the lowest cost site, over half of those assigned to treatment were exempted from actually carrying out job search (see Chapter 4). Furthermore, the applicant job search requirement served as a hurdle affecting entry onto the food stamp rolls and into ongoing recipient job search. Nassau had an applicant job search requirement similar to the one in Fresno. For the three-fourths of registrants who were on Home Relief, Nassau imposed a Workfare requirement as well. In San Diego, considerable attrition took place between the assignment to treatment by the eligibility worker and assessment by the Workfare worker. Apparently, many recipients dropped out at this stage and risked sanctions rather than facing the Workfare requirement. (The sanctioning procedure was much less time consuming for staff, and thus less costly, than conducting a job club.) Pensacola imposed an individual job search requirement before job club. This requirement may have screened out those unwilling to participate and those who were on the verge of employment, especially during the period of backlog in job club.

These screening mechanisms may have reduced the average cost per participant by reducing the proportion who received the most complete and expensive set of services. The results in Table 6.5, which compare the client flow at intake at each site to the flow into the primary job-seeking activity at the site, are generally consistent with this idea. Within Applicant Job Search and other models, low cost sites had low rates of assignment to the primary job-seeking activity. For example, in Pensacola, only 25 percent

Table 6.5

Client Flow, Assignment to Primary Job-Seeking Activity, and Cost Per Participant
(Monthly Averages)

| <u>Models</u> | <u>Assigned to Treatment</u> | <u>Percent Assigned to Job-Seeking Activity</u> | <u>Percent Attending Primary Activity</u> | <u>Average Cost per Participant¹</u> |
|-----------------------------|----------------------------------|---|---|---|
| Applicant Job Search | | | | |
| Fresno | 348 ² | .44 | NA | \$27 |
| Nassau ³ | 60 | .98 | NA | \$52 |
| Job Club | | | | |
| Pensacola | 189 | .25 ⁴ | .12 | \$63 |
| Maine | 190 | .29 | .18 | \$105 |
| Portsmouth | 100 | .43 | .35 | \$121 |
| Group Job Search Assistance | | | | |
| Kentucky | 129 | .72 | .41 | \$100 |
| Job Club/Workfare | | | | |
| San Diego | 605 | .45 ⁵ | .32 | \$63 |

Sources: Nassau and Fresno: Monthly Progress Reports, July 1983 - February 1984; other sites: Monthly Progress Reports, July 1983 - May 1984, Client Participation Histories.

Notes:

¹ Includes in-kind contributions.

² Referred to assessment.

³ Non-Public Assistance clients only.

⁴ 73% assigned to job search.

⁵ 23% referred to workfare.

of treatment group members were assigned to the job club and only 12 percent attended (although 73 percent were assigned to the less expensive job search activity). The percentage assigned to job search activities was high in Nassau and Kentucky, where cost per participant was also high for the respective models.

Table 6.6 decomposes the average costs in the demonstration into several components: non-labor costs, salary and fringe benefits, and average labor time per participant. As noted above, the proportion of total monthly cost attributable to labor and fringe benefits ranged from around 63 percent in Kentucky and Maine to almost 97 percent in Fresno. Not surprisingly, non-labor costs per participant also varied widely, with Kentucky and Maine having the highest at around \$38 and Fresno the lowest at \$1. The sites with the highest cost had job clubs, while the Applicant Job Search Model sites had the lowest non-labor cost per participant.

The separation of the average labor cost per participant into the components of hourly labor cost and hours of labor per participant provides insight into differences between sites. The average labor time per participant was derived by dividing the average hourly salary and fringe rate into the average labor cost per participant. As such, the average labor time measure includes active service time, unproductive service staff time, and time for management functions. The results in Table 6.6 show that hourly labor cost and average labor time often pushed the average labor cost per participant in opposite directions. The three sites with the highest hourly labor cost (Fresno, Nassau, and San Diego) also had the lowest average labor time per participant; the sites with the lowest hourly labor cost (Pensacola and Portsmouth) had the highest average labor time. The low wage and fringe rate in Pensacola played a significant part (though less significant than

Table 6.6

Components of Average Cost per Participant

| <u>Site</u> | <u>Average Total Cost per Participant¹</u> | <u>Average Non-Labor Cost per Participant</u> | <u>Average Labor Cost per Participant¹</u> | <u>Average Hourly Salary and Fringe Rate²</u> | <u>Average Labor Time per Participant¹</u> |
|-----------------------------|---|---|---|--|---|
| All sites | \$64 | \$17 | \$47 | \$11.05 | 4.28 hrs |
| Applicant Job Search | | | | | |
| Fresno | 26 | 1 | 25 | 12.51 | 2.00 |
| Nassau | 52 | 7 | 45 | 14.49 | 3.11 |
| Job Club | | | | | |
| Pensacola | 63 | 12 | 51 | 7.03 | 7.25 |
| Maine | 104 | 38 | 66 | 10.53 | 6.27 |
| Portsmouth | 120 | 13 | 107 | 8.54 | 12.53 |
| Group Job Search Assistance | | | | | |
| Kentucky | 99 | 37 | 62 | 10.34 | 6.00 |
| Job Club/Workfare | | | | | |
| San Diego | 60 | 19 | 41 | 13.92 | 2.95 |

Sources: Monthly Progress Reports, Invoices to FNS, Staff Utilization Rosters

Notes:

¹ Does not include in-kind contributions of time, approximately .22 hours per client in San Diego and .08 hours elsewhere.

² Overall average for demonstration staff, including management, direct service and clerical staff.

differences in non-labor costs) in keeping that site's costs well below those of Maine and Kentucky, since the labor time was actually less in the latter two sites. This breakdown pinpoints the critical factor in Portsmouth's high average cost: its extremely high average labor time per participant of 12.5 hours, nearly double the amount for the next highest site, Pensacola. Conversely, the low cost in San Diego came about through the ability of the Food Stamp Agency to keep down average labor time per participant, even below an Applicant Job Search site (Nassau).

Several factors may explain differences in the hourly labor cost and the non-labor cost per participant. While the model may have affected the skill requirements for the staff and thus the wage they commanded, local labor market conditions probably were at least as important. The non-labor cost could have been affected by any of four factors: the requirements for equipment and materials inherent in the model, the process of budget exhaustion, the efficiency of management in controlling non-labor costs, and variation in the portion of non-labor costs that were contributed by the sites.

6.7 The Analysis of Utilization and Estimates of Marginal Costs

6.7.1 The Time Allocation to Individual Services

This section examines how demonstration staff allocated their time to each of the activities involved in administering the job search requirement. The data come from Staff Utilization Rosters and Job Tickets collected in November 1983 and April 1984. The Staff Utilization Rosters recorded estimates by demonstration staff of the allocation of their time under the demonstration. Tables 6.7 and 6.8 report these responses for the two study weeks, excluding management time. The total available time across all sites was about the

Table 6.7

Total Time Available for Various Services
November 1983 Study Week

| | 1 | | 2 | | 3 | | 4 | | 5 | | 6 | | 7 | | 8 |
|-----------------------------|--------------|-----|--------------------|------|-------------------------|-----|-----------------------------|------|-----------------------|------|----------------------------------|------|---------------------------------|------|--------------------------|
| | All Services | | All Group Activity | | All Individual Services | | Pre-Assessment & Assessment | | Job Search Monitoring | | Individual Employment Assistance | | Rescheduling and Non-compliance | | Other Individual Service |
| Site | Mins. | % | Mins. | % | Mins. | % | Mins. | % | Mins. | % | Mins. | % | Mins. | % | Mins. |
| ALL SITES | 77,127 | 100 | 19,157 | 24.8 | 57,970 | 100 | 27,812 | 48.0 | 7,758 | 13.4 | 7,297 | 12.6 | 14,383 | 24.8 | 720 |
| Applicant Job Search | | | | | | | | | | | | | | | |
| Fresno | 6,480 | 100 | 0 | 0 | 6,480 | 100 | 2,688 | 41.5 | 1,128 | 17.4 | 0 | 0 | 2,064 | 31.9 | 600 |
| Hussau | 9,369 | 100 | 0 | 0 | 9,369 | 100 | 3,800 | 40.4 | 3,038 | 32.3 | 1,215 | 12.9 | 1,316 | 14.0 | 0 |
| Job Club | | | | | | | | | | | | | | | |
| Pensacola | 16,104 | 100 | 3,720 | 23.1 | 12,384 | 100 | 5,460 | 44.1 | 3,300 | 26.6 | 1,560 | 12.6 | 2,065 | 16.7 | 0 |
| Maize | 11,808 | 100 | 4,656 | 39.4 | 7,152 | 100 | 4,920 | 68.8 | 0 | 0 | 0 | 0 | 2,232 | 31.2 | 0 |
| Portsmouth | 13,500 | 100 | 4,500 | 33.3 | 9,000 | 100 | 3,825 | 42.5 | 0 | 0 | 4,500 | 50.0 | 675 | 7.5 | 0 |
| Group Job Search Assistance | | | | | | | | | | | | | | | |
| Kentucky | 10,350 | 100 | 2,633 | 25.4 | 7,717 | 100 | 3,015 | 39.1 | 112 | 1.5 | 22 | 0.3 | 4,568 | 59.2 | 0 |
| Job Club/Workfare | | | | | | | | | | | | | | | |
| San Diego | 9,516 | 100 | 3,648 | 38.3 | 5,868 | 100 | 4,104 | 69.9 | 180 | 3.1 | 0 | 0 | 1,464 | 24.9 | 120 |

Source: Staff Utilization Rosters, November 1983.

Note: Percentages in columns 3-7 are based on services provided to or for individuals only.

Table 6.8

Total Time Available for Various Services
April 1984 Study Week

| | 1 | | 2 | | 3 | | 4 | | 5 | | 6 | | 7 | |
|-----------------------------|--------------|-----|--------------------|------|-------------------------|-----|-----------------------------|------|------------------------------------|------|----------------------------------|------|---------------------------------|------|
| | All Services | | All Group Activity | | All Individual Services | | Pre-Assessment & Assessment | | Job Search Monitoring ² | | Individual Employment Assistance | | Rescheduling and Non-compliance | |
| Site | Mins. | % | Mins. | % | Mins. | % | Mins. | % | Mins. | % | Mins. | % | Mins. | % |
| ALL SITES | 76,091 | 100 | 22,380 | 29.4 | 53,711 | 100 | 22,277 | 41.5 | 9,660 | 18.0 | 9,222 | 17.2 | 12,552 | 23.4 |
| Applicant Job Search | | | | | | | | | | | | | | |
| Fresno | 6,953 | 100 | N/R | N/R | 6,953 | 100 | 2,273 | 32.7 | 2,220 | 31.9 | 576 | 8.3 | 1,884 | 27.1 |
| Nassau | 9,420 | 100 | N/R | N/R | 9,420 | 100 | 3,324 | 35.3 | 4,080 | 43.3 | 816 | 8.7 | 1,200 | 12.7 |
| Job Club | | | | | | | | | | | | | | |
| Pensacola | 14,472 | 100 | 2,880 | 19.9 | 11,592 | 100 | 5,424 | 46.8 | 3,360 | 29.0 | 1,080 | 9.3 | 1,728 | 14.9 |
| Maine ¹ | 11,808 | 100 | 4,656 | 39.4 | 7,152 | 100 | 4,920 | 68.8 | N/R | N/R | N/A | N/A | 2,232 | 31.2 |
| Portsmouth | 15,120 | 100 | 4,800 | 31.7 | 10,320 | 100 | 4,560 | 44.2 | N/R | N/R | 4,800 | 46.5 | 960 | 9.3 |
| Group Job Search Assistance | | | | | | | | | | | | | | |
| Kentucky | 8,382 | 100 | 5,484 | 65.4 | 2,898 | 100 | N/R | N/R | N/R | N/R | 270 | 9.3 | 2,628 | 90.7 |
| Job Club/Workfare | | | | | | | | | | | | | | |
| San Diego | 9,936 | 100 | 4,560 | 45.9 | 5,376 | 100 | 1,776 | 33.0 | N/R | N/R | 1,680 | 31.3 | 1,920 | 35.7 |

N/A = Not available. N/R = Not relevant.

Source: Staff Utilization Rosters, April 1984.

Note: Percentages in columns 3-7 are based on services provided to or for individuals only.

¹Maine data were missing. The numbers displayed reflect time available in November 1983.

²Counted as part of group activity in job club sites.

same in the two weeks. The percentage of time allocated to group and individual job finding (including job search monitoring) amounted to about half of total staff time, rising from about 44 percent in November to 54 percent in April. Most of the remaining time went for preassessment and assessment activities. Rescheduling and noncompliance processes used about 15 to 20 percent of total time.

As expected, none of the staff time at the Applicant Job Search sites went for group activities. The Job Club sites generally allocated more time to group activities than sites that combined group sessions with individual job search. Between November and April, Kentucky substantially increased its time allocation to group activity, from 25 to 65 percent of staff time; San Diego raised the amount of time spent on individual employment assistance. On Job Tickets, demonstration staff recorded the time they spent directly on delivering services to individuals or on processing their cases. In contrast to the Staff Utilization Rosters, which accounted for all of the time billed to the demonstration, the Job Tickets did not account for nonservice time, whether necessary (for staff meetings and normal breaks) or unnecessary (i.e., due to overstaffing or poor allocation of staff). According to the Job Ticket data summarized in Tables 6.9 and 6.10, the distribution of time in direct service closely followed the allocation of total available time and the site's model. Between November 1983 and April 1984, the time spent on job-related services (job search monitoring, employment assistance) jumped from about 23 to nearly 42 percent of the direct time on individual service or processing activities. The most dramatic change was the increase in individual employment assistance from 61 percent to 86 percent of individual service time in Portsmouth.

Table 6.9

Total Time Spent on Various Individual Services During the November 1983
Cost Data Collection Week, as Recorded on Job Tickets

| | | Total Time (In Minutes) of Service and Percent of Total Time Spent on Each Service | | | | | | | | | | | |
|-----------------------------|--|--|-----|-----------------------------|------|------------------------------------|------|----------------------------------|------|---------------------------------|------|--------------------------|-----|
| | | All Individual Services | | Pre-Assessment & Assessment | | Job Search Monitoring ¹ | | Individual Employment Assistance | | Rescheduling and Non-compliance | | Other Individual Service | |
| Site | | Mins. | % | Mins. | % | Mins. | % | Mins. | % | Mins. | % | Mins. | % |
| ALL SITES | | 17,520 | 100 | 7,500 | 42.8 | 2,211 | 12.6 | 1,803 | 10.3 | 5,773 | 33.0 | 233 | 1.3 |
| Applicant Job Search | | | | | | | | | | | | | |
| Fresno | | 4,207 | 100 | 2,160 | 51.3 | 953 | 22.7 | 0 | 0 | 977 | 23.2 | 117 | 2.8 |
| Nassau | | 2,878 | 100 | 980 | 34.1 | 571 | 19.8 | 935 | 32.5 | 368 | 12.8 | 24 | 0.8 |
| Job Club | | | | | | | | | | | | | |
| Pensacola | | 3,614 | 100 | 2,220 | 61.4 | 636 | 17.6 | 144 | 4.0 | 551 | 15.2 | 63 | 1.7 |
| Maine | | 2,593 | 100 | 872 | 33.6 | N/R | N/R | 0 | 0 | 1,721 | 66.4 | 0 | 0 |
| Portsmouth | | 1,156 | 100 | 301 | 26.0 | N/R | N/R | 710 | 61.4 | 145 | 12.5 | 0 | 0 |
| Group Job Search Assistance | | | | | | | | | | | | | |
| Kentucky | | 2,219 | 100 | 377 | 17.0 | 51 | 2.3 | 14 | 0.6 | 1,748 | 78.8 | 29 | 1.3 |
| Job Club/Workfare | | | | | | | | | | | | | |
| San Diego | | 853 | 100 | 590 | 69.2 | N/R | N/R | 0 | 0 | 263 | 30.8 | 0 | 0 |

Source: Job Tickets completed in November 1983 study week.

¹ Job search monitoring not measured for job club sites in November 1983 job ticket.

N/R = Not relevant

Table 6.10

Total Time Spent on Various Individual Services During the Spring 1984 Cost Data Collection Week, as Recorded on Job Tickets

| Site | Total Time (In Minutes) of Service and Percent of Total Time Spent on Each Service | | | | | | | | | | | |
|-----------------------------|--|-----|-----------------------------|------|------------------------------------|------|----------------------------------|------|-------------------------------|------|-------|-----|
| | All Individual Services | | Pre-Assessment & Assessment | | Job Search Monitoring ¹ | | Individual Employment Assistance | | Rescheduling & Non-compliance | | Other | |
| | Mins. | % | Mins. | % | Mins. | % | Mins. | % | Mins. | % | Mins. | % |
| ALL SITES | 15,053 | 100 | 4,614 | 30.6 | 2,731 | 18.1 | 3,564 | 23.7 | 4,099 | 27.2 | 45 | 0.3 |
| Applicant Job Search | | | | | | | | | | | | |
| Fresno | 3,327 | 100 | 1,035 | 31.0 | 1,288 | 38.7 | 5 | 0.2 | 999 | 30.0 | N/R | N/R |
| Nassau | 2,220 | 100 | 504 | 22.7 | 902 | 40.6 | 358 | 16.1 | 456 | 20.5 | N/R | N/R |
| Job Club | | | | | | | | | | | | |
| Pensacola | 2,173 | 100 | 1,195 | 54.9 | 541 | 24.9 | 29 | 1.3 | 408 | 18.8 | N/R | N/R |
| Maine | 2,250 | 100 | 1,261 | 56.0 | N/R | N/R | 3 | 0.1 | 941 | 41.8 | 45 | 2.0 |
| Portsmouth | 3,451 | 100 | 157 | 4.5 | N/R | N/R | 2,960 | 85.8 | 334 | 9.7 | N/R | N/R |
| Group Job Search Assistance | | | | | | | | | | | | |
| Kentucky | 510 | 100 | N/R | N/R | N/R | N/R | 3 | 0.6 | 507 | 99.4 | N/R | N/R |
| Job Club/Workfare | | | | | | | | | | | | |
| San Diego | 1,122 | 100 | 462 | 41.2 | N/R | N/R | 206 | 18.4 | 454 | 40.5 | N/R | N/R |

Source: Job Tickets completed in April 1984 study week.

¹ Job Tickets did not record monitoring time for group job club sites.

N/R = Not relevant

One measure of productive efficiency of demonstration sites is the ratio of the time actually spent serving individuals to the total time available for individual services. This ratio was most relevant to the sites where individual services accounted for most or all of the available time (Pensacola, Fresno, Nassau, Portsmouth, and to a lesser degree, Maine). Table 6.11 reveals that direct time dealing with individual cases as a proportion of total time available generally ranged from 20 to 40 percent across all sites and most activities. Between November and April, the ratio declined in pre-assessment/assessment and rescheduling/noncompliance activities, but increased in individual employment assistance and remained constant in job search monitoring. Across sites, the extreme values shifted toward the average; this was most notable in Fresno, where the overall direct time proportion declined from 65 percent to 48 percent. The least efficient sites in November, San Diego and Portsmouth, improved considerably, while Kentucky declined from near average to least efficient. (Kentucky appears to have been in a phase-down mode during the study week in April.)

One natural question to ask is whether high costs per participant came about because of high levels of unproductive individual service time. There was at most a moderate connection between the high costs and low direct service time. The two expensive sites (other than Maine), Portsmouth and Kentucky, experienced the lowest proportion of direct service time in November and April respectively. However, Pensacola, the least expensive of the Job Club sites, was below average in direct service time in both weeks.

6.7.2 Utilization of Capacity in Group Activities

To examine the utilization of staff in group activities required the collection of Treatment Participation Rosters for the job clubs and group

Table 6.11

Productive Efficiency: Total Direct Service Time Measured from
Job Tickets as a Percentage of Total Time Available
(measured from Staff Utilization Rosters)

| | Percent of Time Available That Was Utilized in Direct Service: November/April Comparison | | | | | | | | | |
|-----------------------------|---|------|-----------------------------|------|-----------------------|------|----------------------------------|------|-------------------------------|------|
| | All Individual Services | | Pre-Assessment & Assessment | | Job Search Monitoring | | Individual Employment Assistance | | Rescheduling & Non-compliance | |
| | Nov. | Apr. | Nov. | Apr. | Nov. | Apr. | Nov. | Apr. | Nov. | Apr. |
| ALL SITES | 30.2 | 28.0 | 27.0 | 20.7 | 28.5 | 28.3 | 24.7 | 47.3 | 40.1 | 32.7 |
| Applicant Job Search | | | | | | | | | | |
| Fresno | 64.9 | 47.8 | 80.4 | 45.5 | 84.5 | 58.0 | 0 | 0.9 | 47.3 | 53.0 |
| Nassau | 30.7 | 23.6 | 25.8 | 15.2 | 18.8 | 22.1 | 77.0 | 44.1 | 28.0 | 38.0 |
| Job Club | | | | | | | | | | |
| Pensacola | 29.2 | 18.7 | 40.7 | 22.0 | 19.3 | 16.1 | 9.2 | 2.7 | 26.7 | 23.6 |
| Maine | 36.3 | 31.6 | 17.7 | 25.6 | 0 | 0 | 0 | 0 | 77.1 | 42.2 |
| Portsmouth | 12.8 | 33.4 | 7.9 | 3.4 | 0 | 0 | 15.8 | 61.7 | 21.5 | 34.8 |
| Group Job Search Assistance | | | | | | | | | | |
| Kentucky | 28.8 | 17.6 | 12.5 | 0 | 45.6 | 0 | 63.6 | 1.1 | 38.3 | 19.3 |
| Job Club/Workfare | | | | | | | | | | |
| San Diego | 14.5 | 20.9 | 10.1 | 26.0 | 0 | 0 | 0 | 12.3 | 18.0 ¹ | 23.6 |

¹Estimated. Actual minutes per activity data were missing.

Note: Percentages are based on services provided to or for individuals only.

job search assistance, since the Job Tickets only provided data on time spent serving or processing individual cases. The Rosters, which covered two representative four-week periods in the last quarter of 1983 and the first quarter of 1984, indicated the clients who were scheduled, each client's attendance status for each session, and the staffing of the job club. Comparing the actual attendance patterns to the desired attendance levels yielded measures of capacity utilization.

According to one measure presented in Table 6.12, the percentage of target attendance attained, the job clubs reached high overall utilization rates (actual attendance was 80 percent of the target level), with wide variations across sites. The percentage of target attendance attained varied from 31 percent in Kentucky to 152 percent in Maine. San Diego and Pensacola were below average and Portsmouth was above.

The "show rate" measured the percentage of those scheduled for job club who actually attended. Overall, the show rate was 49 percent; in other words, sites scheduled 2 clients for every 1 that reported to a job club or a group assistance session. Low show rates helped explain why attendance fell short of the planned job club operating levels (or target attendance). The sites that had were below average in percent of target attending (Kentucky, San Diego, and Pensacola) had below average show rates. Thus, the difficulty in filling job clubs or group assistance sessions resulted largely from the absences of assigned work registrants rather than from an inability to assign the appropriate number of registrants. In Kentucky and San Diego, show rates and target attendance rate were low, indicating that staff did not compensate for low show rates by scheduling more clients. It was not clear whether this was a result of inadequate attention to attendance levels or too small a pool of potential job club participants.

Table 6.12

Show Rates, Percent of Attendance Target Met, and
Client/Staff Ratios for Job Clubs

| | <u>Show Rate</u> ¹ | <u>Percent of Target</u> ² | <u>Target Client/ Staff Ratio</u> ³ | <u>Actual Client/ Staff Ratio</u> |
|------------------|-------------------------------|---|--|---|
| <u>All Sites</u> | 49% | 80 | 13.9 | 9.1 |
| <u>Job Club:</u> | | | | |
| Pensacola | 43% | 74 | 20.0 | 14.7 |
| Kentucky | 33% | 31 | 18.6 | 6.1 |
| Maine | 61% | 152 | 6.1 | 8.9 |
| Portsmouth | 65% | 86 | 9.8 | 8.3 |
| San Diego | 46% | 50 | 16.0 | 8.4 |

Sources: Job Club Rosters for selected periods in Fall 1983 and Spring 1984. Target job club size determined by evaluation staff based on field observation and other data sources.

Notes:

¹Show Rate defined as number attending at least one session of a club as a percent of all participants scheduled for the club.

²Percent of Target defined as number attending at least one session of a club as percent of desired client volume (desired club size x number of clubs).

³Target Client/Staff Ratio defined as ratio of target job club size to actual staff. (Calculated as average of ratios of planned clients to actual staff for all sessions.)

Maintaining an adequate pool from which to fill job clubs may have become a problem in the latter part of the demonstration. The percent of target attendance attained fell between November 1983 and April 1984 at three of the four sites for which data were available; at the fourth site, Kentucky, the level rose slightly but remained the lowest of all sites. At Pensacola and Portsmouth, the show rate also declined from November to April, further suggesting client flow shortfalls. The show rate actually rose while the percent of target fell in Maine. Given that the latter figure was so high in the fall (170 percent), it may be that the staff sought to reduce the size of the groups and in the process screened out those less likely to attend.

The percentage of target attendance attained was not closely related to cost per participant, even though one might expect utilization rates in group activities would influence overall cost. The sites with the highest percentage of target attending, Maine and Portsmouth, were among the most expensive sites in cost per participant. San Diego, a relatively inexpensive site, had a low percentage of target attending. Only in Kentucky, the most extreme case, did low group attendance appear to result in high costs per participant.

The client/staff ratio in job club operations was one reason why the relative cost of a site seemed unaffected by the percent of target attendance attained. Even if a site filled its groups well, it would be expensive if there were a low number of clients served by each staff member. Conversely, a site that failed to reach attendance goals might still be inexpensive if the staff served large numbers of clients. The client/staff ratios in Table 6.12 show an average ratio of 9.1 clients per staff member, ranging from a low of 6.1 per client in Kentucky to 14.7 in Pensacola.

The client/staff ratio helped explain participant costs in Kentucky and Pensacola, but not elsewhere. In Kentucky, the low client/staff ratio was consistent with the low attendance rates and gave added weight to the view that the site's high participant costs were due in part to inadequate client flow in group activities. In Pensacola, the high client/staff ratio compensated for the below average percent of target attending, and thus helped to hold per-participant costs down. The client/staff ratios for the other sites were so similar that they did not provide much insight into the differences in cost.

The target client/staff ratio measured how staff-intensive the group activities were intended to be. This target client/staff ratio ranged from 6 clients per staff member in Maine to approximately 20 in Pensacola and Kentucky. Apparently, the Maine and Portsmouth sites designed expensive group components, while the job clubs in San Diego and Pensacola and the group search assistance in Kentucky were designed to be far less expensive. The target ratio was especially helpful in understanding the high costs in Portsmouth in spite of reasonably adequate attendance.

The job club client/staff ratio declined significantly in most sites from November 1983 to April 1984. Maine and Portsmouth fell from over 10 clients per staff member to around 6, the level in Kentucky. The ratio also declined at Pensacola from 18 to 10. The common factor at these sites appeared to be an inflexibility of staffing in the face of declining attendance--a pattern consistent with the budget exhaustion syndrome.

6.7.3 Estimates of Costs Per Registrant of Job Search Requirements
Based on the Marginal Costs of Activities

Constructing estimates of unit costs based on the marginal costs of individual components of the job search requirement is one way of avoiding the biases that can develop from the budget exhaustion syndrome. Consider the marginal cost of an activity as the actual cost of providing a particular service, such as job search monitoring, to one additional work registrant. In this evaluation, estimates of such marginal costs came from multiplying (a) the minutes required in direct staff time for providing the added unit of service times (b) the average cost per minute. According to this approach, only direct labor costs were variable. Table 6.13 presents the salary and fringe benefit data from which the average salary costs per minute are drawn. Overall, the marginal cost of services to individuals was quite low, indicating that most functions were relatively uncomplicated. Table 6.14 shows marginal costs of particular services by site. The overall average across all sites and all types of services was \$1.76. The most expensive functions in terms of marginal cost, at \$2.18 per unit, were preassessment/assessment and individual employment assistance. Each added unit of job search monitoring cost only \$1.82; rescheduling/noncompliance was least expensive at \$1.02. These results were not surprising, since the high cost services were the ones that inherently required more effort on the part of staff.

There was considerable variation across sites. The marginal cost of the average service to individuals ranged from \$0.69 in Kentucky to \$2.96 in Fresno, with much variation in between. Fresno had the highest marginal cost for all three individual services it provided: preassessment/assessment (\$4.24), job search monitoring (\$3.23), and rescheduling/noncompliance (\$1.98). Kentucky had the lowest marginal cost for job search monitoring (\$0.82), individual employment assistance (\$0.72), and close to the lowest for

Table 6.13

Hourly Salaries of Demonstration Staff - Average of November 1983 and April 1984

| Site | All Demonstration Staff | | | Staff with Primarily Management Functions | | | Direct Service and Clerical Staff | | |
|-----------------------------|-------------------------|-----------------------|---------------------------|---|-----------------------|---------------------------|-----------------------------------|-----------------------|---------------------------|
| | # of Staff | Average Hourly Salary | Hourly Salary Plus Fringe | # of Staff | Average Hourly Salary | Hourly Salary Plus Fringe | # of Staff | Average Hourly Salary | Hourly Salary Plus Fringe |
| All sites | 54 | \$8.87 | \$11.05 | 12 | \$14.10 | \$17.59 | 42 | \$ 7.31 | \$ 9.09 |
| Applicant Job Search | | | | | | | | | |
| Fresno | 6 | 10.01 | 12.51 | 2 | 13.43 | 16.79 | 4 | 8.31 | 10.38 |
| Nassau | 7.5 | 10.98 | 14.49 | 2.5 | 17.78 | 23.47 | 5 | 7.53 | 9.94 |
| Job Club | | | | | | | | | |
| Pensacola | 8 | 5.78 | 7.03 | 0 | N/R | N/R | 8 | 5.78 | 7.03 |
| Maine | 7 | 8.73 | 10.53 | 2 | 13.18 | 15.89 | 5 | 6.95 | 8.38 |
| Portsmouth | 7.5 | 7.06 | 8.54 | 1 | 11.75 | 14.22 | 6.5 | 5.99 | 7.24 |
| Group Job Search Assistance | | | | | | | | | |
| Kentucky | 8 | 8.84 | 10.34 | 2 | 13.64 | 15.95 | 6 | 7.21 | 8.44 |
| Job Club/Workfare | | | | | | | | | |
| San Diego | 10 | 10.71 | 13.92 | 2.5 | 14.80 | 19.23 | 7.5 | 9.41 | 12.23 |

Source: Staff Utilization Rosters.

N/R = Not relevant

Table 6.14

Average and Marginal Labor Costs of Services to Individuals by Activity

| Site | Average and Marginal Labor Costs of Services to Individuals, in Dollars | | | | | | | | | |
|-----------------------------|---|---------------|-----------------------------|---------------|-----------------------|---------------|----------------------------------|---------------|------------------------------|---------------|
| | Average Across All Individual Services | | Pre-Assessment & Assessment | | Job Search Monitoring | | Individual Employment Assistance | | Rescheduling & Noncompliance | |
| | Average Cost | Marginal Cost | Average Cost | Marginal Cost | Average Cost | Marginal Cost | Average Cost | Marginal Cost | Average Cost | Marginal Cost |
| All sites | 5.27 | 1.76 | 8.76 | 2.18 | 6.30 | 1.82 | 6.38 | 2.18 | 2.76 | 1.02 |
| Applicant Job Search | | | | | | | | | | |
| Fresno | 5.34 | 2.96 | 7.48 | 4.24 | 4.82 | 3.23 | N/R | N/R | 3.97 | 1.98 |
| Nassau | 3.73 | 1.00 | 5.72 | 1.10 | 6.73 | 1.38 | 1.92 | 1.13 | 1.67 | 0.54 |
| Job Club | | | | | | | | | | |
| Pensacola | 7.18 | 1.66 | 11.14 | 3.16 | 7.40 | 1.30 | 71.60 | 1.10 | 2.74 | 0.79 |
| Maine | 5.04 | 1.69 | 7.90 | 1.73 | N/R | N/R | N/R | N/R | 3.14 | 1.68 |
| Portsmouth | 9.22 | 2.06 | 21.32 | 1.66 | N/R | N/R | 7.94 | 2.46 | 3.83 | 1.02 |
| Group Job Search Assistance | | | | | | | | | | |
| Kentucky | 3.06 | 0.69 | N/R | N/R | 1.78 | 0.82 | 20.54 | 0.72 | 2.54 | 0.68 |
| Job Club/Workfare | | | | | | | | | | |
| San Diego | 6.81 | 1.36 | 7.74 | 2.42 | N/R | N/R | 22.72 | 1.39 | 4.12 | 1.10 |

N/R = Not relevant.

Source: Job Tickets and Staff Utilization Rosters. Average of results from November 1983 and April 1984.

Note: Fringe costs are included. IMU staff time is not included.

Average and marginal costs are based on actual costs per unit of staff time and units of staff time per service.

rescheduling/noncompliance (the lowest was \$0.54 at Nassau). Nassau was consistently below the average marginal cost across the categories of service, but the other sites were less consistent, sometimes above the average, sometimes below. The dominant factor influencing the variation in marginal costs was apparently the duration of the average unit of service. Note that some of the high-wage sites (Nassau, San Diego) had lower marginal costs than some of the low-wage sites (Portsmouth, Pensacola).

The average cost of a service was defined as the cost of the total staff time allotted to the service during the study weeks divided by the number of times the service was provided during those weeks. Because of the relatively low levels of staff utilization in direct service activities, the average costs of services to individuals were substantially higher than the marginal costs. Across all sites and all services, the average cost of a service to an individual was \$5.27, roughly three times the marginal cost. Preassessment/assessment was the most expensive service, with an average cost of \$8.76; the least expensive was rescheduling/noncompliance at \$2.76. Average costs for all services ranged from \$3.06 in Kentucky to \$9.22 in Portsmouth. Enormous site variations appeared in average costs for specific services. But, such variations may have resulted from the differences in the way fixed costs (such as a manager's time) were allocated to particular services.

Table 6.15 shows the average number of activities per participant, as derived from the Client Participation Histories. Multiplying these numbers times the marginal cost of instances of services yielded estimates of the marginal cost of individual services per treatment group registrant. This cost differs from the cost per instance of a service because it takes account

Table 6.15

Average Number of Activities per Participant

| | Number of Participants <u>Sampled</u> | <u>Assessment</u> | Job Search Monitor- ing Visit | Other In- person Visit; Employment Referral | Administra- tive Activity ¹ |
|-----------------------------|---|-------------------|-------------------------------------|--|--|
| All Sites | 2,946 | 0.82 | 0.57 | 0.142 | 1.35 |
| Applicant Job Search | | | | | |
| Fresno | 487 | 0.76 | 0.55 | 0.02 | 0.87 |
| Nassau | 492 | 0.96 | 1.17 | 0.03 | 1.34 |
| Job Club | | | | | |
| Pensacola | 433 | 0.81 | 0.87 | 0.22 | 1.75 |
| Maine | 449 | 0.76 | N/R | 0.14 ² | 1.47 |
| Portsmouth | 293 | 0.78 | N/R | 1.25 | 0.83 |
| Group Job Search Assistance | | | | | |
| Kentucky | 339 | 1.00 ² | 1.34 | 0.01 | 1.56 |
| Job Club/Workfare | | | | | |
| San Diego | 453 | 0.68 | N/R | 0.03 | 1.57 |

N/R = Not relevant.

Source: Client Participation Histories from a representative sample of participants during "steady-state" (Phase III) operations.

¹Administrative Activity includes sending Notices of Noncompliance, updating records when clients enter employment or leave the demonstration, and rescheduling clients as needed.

²These data items were omitted from the calculation of marginal cost of individual services per participant because of lack of data on the marginal cost of the service. In Kentucky, where formal assessment was not conducted, no cost was recorded for this activity. In Maine, while Client Participation Histories indicated some incidence of other in-person visits, no data were available which indicated the staff involved in these visits and their wages. Thus, no marginal cost estimates could be computed.

of the fact that a particular registrant may have experienced zero, one, or several instances of a service.

The marginal cost of individual services per participant was quite small at all sites (see Table 6.16). Marginal costs per participant of all individual services was only \$4.50, less than one-tenth of the average demonstration cost of \$65 per participant (reported in Section 6.5.2). Thus, only a small portion of the overall cost of the demonstration was attributable to staff time actually spent delivering services to individuals. The lowest marginal cost of individual services per participant was \$2.17 in Kentucky; the highest was \$6.72 in Fresno. All other sites clustered between \$3.40 and \$5.30.

The differences in marginal costs per participant for individual services reflected both different amounts of service and different marginal costs per service. Kentucky's overall marginal cost was low because of its low marginal costs per instance of service (\$3.06 from Table 6.14) and not because registrants averaged a low number of services (see Table 6.15). The high marginal cost per participant in Fresno was the result of high marginal costs for each unit of service; these outweighed the effect of the below-average number of units. Nassau's low marginal cost per participant was due to low marginal costs per unit. A lean mix of individual services held down marginal cost per participant in Maine.

The marginal cost per participant of all individual services provided a good indicator of the intensity of individual services at a site. The three sites with per participant costs of \$5 or more (Pensacola, Fresno, and Portsmouth) put substantial effort into determining the employability of participants and seeing that the participants carried out job search requirements. The low cost of individual services was consistent with the

Table 6.16

Combined Marginal Cost per Participant, Management Cost per Participant,
and Total Labor Cost per Participant

| <u>Site</u> | <u>Marginal Cost of Individual Services per Participant</u> | <u>Marginal Cost of Group Activity per Participant</u> | <u>Total Marginal Cost per Participant</u> | <u>Management Cost per Participant</u> | <u>Total Labor Cost per Participant¹</u> |
|-----------------------------|---|--|--|--|---|
| All sites | \$4.50 | \$4.92 | \$9.42 | \$17.02 | \$47 |
| Applicant Job Search | | | | | |
| Fresno | 6.72 | N/R | 6.72 | 15.11 | 25 |
| Nassau | 3.43 | N/R | 3.43 | 28.40 | 45 |
| Job Club | | | | | |
| Pensacola | 5.32 | 1.81 | 7.12 | 9.84 | 51 |
| Maine | 3.78 | 9.28 | 13.06 | 6.36 | 66 |
| Portsmouth | 5.22 | 5.46 | 10.67 | 32.42 | 107 |
| Group Job Search Assistance | | | | | |
| Kentucky | 2.17 | 2.19 ² | 4.36 ² | 13.40 | 62 |
| Job Club/Workfare | | | | | |
| San Diego ³ | 3.41 | 5.86 | 9.28 | 18.65 ³ | 41 |

Sources: Staff Utilization Rosters, Job Tickets, Job Club Tallies, Client Participation Histories, evaluation reports, Monthly Progress Reports, invoices to FNS.

Notes:

¹For a derivation of labor cost per participant, see Table 6.8.

²Kentucky marginal cost estimates include only Employability Skills Training workshop (see text).

³San Diego management cost adjusted to account for supervisor in-travel time between offices.

N/R = Not relevant

emphasis on group activity at Kentucky, Maine, and San Diego. The low marginal cost at Nassau, despite the importance of individual services in the model and the large number of participants assessed as job-ready, was chiefly the result of the low average duration of services there.

The costs of serving an additional participant in a job club is near zero if the club is below capacity and is substantial if the addition of another participant requires the formation of a new job club. Instead of calculating these two cost figures, the analysis derived cost figures that were conceptually similar to the marginal cost estimates for individual services. Estimates of the costs per participant for group activity were derived from data on group activity attendance and staffing, together with the Client Participation Histories and the design characteristics of the group activities (length per day, number of days in session).

The first step was to estimate the total daily cost of group activity for each site: this was the product of the average number of staff per group, the average hourly salary and fringes of direct service staff, and the length of a day's activity as specified in the site's design. Obtaining the average costs per participant day required dividing the total daily cost by the specified capacity of the club. Multiplying this figure times the average number of days of attendance per participant yielded the average marginal cost per participant. The results appear in Table 6.17.

The marginal costs per participant of group activities were quite low (\$4.92), or slightly higher than the \$4.50 marginal cost per participant of all individual services. The range of the group marginal cost per participant was from \$1.81 in Pensacola and Kentucky to \$9.28 in Maine.

The marginal cost estimates for group activity illuminate some factors affecting the differences between sites in average total cost per participant.

Table 6.17

Marginal Cost per Participant of Group Services

| <u>Site</u> | <u>Daily Total Cost of Group</u> | <u>Capacity of Group</u> | <u>Average Days of Attendance per Assignee</u> | <u>Percent of Treat- ment Group Assigned</u> | <u>Average Marginal Cost per Participant of Group</u> |
|--------------------------------|--|------------------------------|--|--|---|
| All sites ¹ | \$52.40 | 15.6 | 3.68 | 0.43 | \$4.92 |
| Job Club | | | | | |
| Pensacola | 49.21 | 20.0 | 2.95 | 0.25 | 1.81 |
| Maine | 89.40 | 10.0 | 3.56 | 0.29 | 9.28 |
| Portsmouth | 29.87 | 12.0 | 5.10 | 0.43 | 5.46 |
| Group Job Search Assistance | | | | | |
| Kentucky ² | 56.97 | 20.0 | 1.07 | 0.72 | 2.19 |
| Job Club/Workfare | | | | | |
| San Diego | 36.69 | 16.0 | 5.73 | 0.45 | 5.86 |

Sources: Staff Utilization Rosters, Job Club Tallies, evaluation reports, Client Participation Histories.

¹Daily total cost and capacity computed as simple averages across sites. Average days of attendance and percent assigned to group computed from pooled Client Participation Histories. Marginal cost computed using same procedure as for individual sites.

²Kentucky data pertain to Employability Skills Training workshops only (see text).

³San Diego data pertain only to job club activity and not to the workfare component.

In Maine, the high unit costs were associated with a high cost per day, indicating that the site's costs resulted partly from its staff-intensive program centered on group services. The difference in marginal costs of group activity between Pensacola (\$1.81) and Portsmouth (\$5.46) was due primarily to differences in attrition at two levels: participants in Pensacola were half as likely as participants in Portsmouth to be assigned to a job club, and the average number of days attending the job club in Pensacola was only about half the average for Portsmouth. The low cost per participant in Kentucky resulted from the brief average period of group participation (1.07 days per person assigned). However, this period did not include the additional sessions at which participants verified job contacts; as a result, the unit cost was underestimated for Kentucky.³

In addition to the direct staff time allocated to group activities and to individual services, a third function—management—contributed to the total labor time per participant. The Staff Utilization Rosters provided information on the time allocated to management tasks, such as hiring and supervising staff, writing reports, and evaluating outcomes. However, no Job Tickets were collected on these tasks, since they could not be attributed to serving particular individuals. Therefore, the analysis estimated only the management time allotted per participant, by dividing the monthly management time by the monthly client flow. The results are reported in Table 6.18.

The management time per participant was closely related to the client flow and to the relation of planned to actual client flow. Both of the sites with the highest client flow (San Diego and Fresno) had below average levels

³The added cost for the group job search monitoring sessions could not have been very great, since the staff time used was worth less than \$2 per session and each session could include 10 or more participants.

Table 6.18

Composition of Labor Time per Participant and Overall Efficiency Rating

| <u>Site</u> | <u>Total Labor Time per Participant</u> | <u>Management Time per Participant</u> | <u>Direct Service Time Avail- able per Participant</u> | <u>Marginal Service Time per Participant</u> | <u>Overall¹ Efficiency Rating</u> |
|-----------------------------|---|--|--|--|--|
| All sites ² | 4.28 hrs. | 1.03 hrs. | 3.72 hrs. | 1.04 hrs. | 0.23 |
| Applicant Job Search | | | | | |
| Fresno | 2.00 | 0.90 | 1.45 | 0.65 | 0.45 |
| Nassau | 3.11 | 1.21 | 2.84 | 0.35 | 0.12 |
| Job Club | | | | | |
| Pensacola | 7.25 | 1.40 | 5.84 | 1.01 | 0.17 |
| Maine | 6.27 | 0.40 | 5.98 | 1.56 | 0.26 |
| Portsmouth | 12.53 | 2.28 | 10.34 | 1.47 | 0.14 |
| Group Job Search Assistance | | | | | |
| Kentucky ³ | 6.00 | 0.84 | 5.24 | 0.52 ² | 0.10 |
| Job Club/Workfare | | | | | |
| San Diego ⁴ | 3.17 | 0.97 | 2.20 | 0.76 | 0.35 |

Sources: Staff Utilization Rosters, Job Tickets, Job Club Tallies, Client Participation Histories, evaluation reports, Monthly Progress Reports, invoices to FNS.

Notes:

¹Ratio of marginal service time per participant to available direct service time per participant. Estimate for all sites is simple average of individual site ratings, considered more appropriate than ratio of average marginal time across sites to average available time.

²Total labor time, management time, direct service time, and marginal service time are composite estimates from pooled data.

³Kentucky marginal time may be underestimated because data only include Employability Skills Training (see text).

⁴San Diego total labor time adjusted to include in-kind time, which is included in marginal time. Management time and direct service time adjusted to compensate for incomplete data.

of management time. Low client flow, both in absolute terms and in relation to planned levels, seems to have led to high amounts of management time in Portsmouth. The client shortfall in Nassau may have contributed to the high level of management time there. On the other hand, management time per participant was low in Kentucky despite low client flow and a shortfall of clients.

The marginal costs per participant of all services appear in Table 6.16. These figures are the sum of the marginal cost per participant of individual services plus the unit cost per participant of group services. These estimates do not include management time or time spent preparing for group services. The marginal cost per participant across all the sites was \$9.42. This amounted to less than one-fifth of the average labor costs per participant, based on actual demonstration outlays. The lowest marginal cost was \$3.43, in Nassau; the highest was \$13.06 in Maine. Both Applicant Job Search sites had relatively low marginal costs, but so did other sites. The \$6.72 figure for Fresno was only slightly below the \$7.12 marginal cost in Pensacola, and Kentucky came close to Nassau at \$4.36 per participant.

In the case of Workfare, the standard methods for generating costs did not apply. Because the demonstration budget did not fund Workfare and because the Workfare component was part of a broader program serving recipients of AFDC and other cash transfers, it would have been difficult to isolate those costs specifically related to the treatment imposed on work registrants in the Food Stamp Program. On the other hand, ignoring the administrative costs of Workfare would be inappropriate, since the Workfare component may have played a major role in generating the large benefits observed for San Diego. The estimation of Workfare costs per registrant involved two steps. First, dividing total Workfare administrative outlays by the number of individuals

going through Workfare yielded an estimate of \$55.75 for the costs per participant in Workfare.⁴ Second, multiplying the costs per Workfare participant times the proportion of registrants ever engaged in Workfare produced a cost per registrant of \$13.94. This cost is included in estimates of the projected costs of operating Job Search and Workfare requirements on a national basis. (See Total Costs Per Registrant in Table 6.19).

6.8 Variation Across Sites in Cost per Participant

The estimates in this chapter revealed striking differences in program cost per participant across models and across demonstration sites during the implementation period. The analysis examined the influence of several factors, including: the mix of project services or activities, the cost per instance of a service, the number of services per registrant, budget exhaustion, and the screening out of clients.

Of these factors, the combination of level and mix of project services and budget exhaustion provides the best explanation of differences in cost per participant across sites. As predicted, there were obvious differences in cost between the Applicant Job Search, Job Club, Group Job Search Assistance, and Job Club/Workfare Models. Within each of these broad categories, differences between sites in per participant cost were closely related to differences in the specifics of program design and in the extent of underutilization because actual client flow fell short of projected enrollment. Of the Applicant Job Search sites, the higher utilization rate in Fresno appears to have caused its costs to fall below costs in Nassau County. Fresno had more clients and a much higher ratio of actual to planned

⁴The data for these calculations were obtained from the county Welfare Department.

Table 6.19: Costs Per Registrant Based on Marginal Costs and Adjustment Factors and Based on Average Demonstration Costs

| <u>Cost Component</u> | <u>MODEL</u> | | | |
|---|-------------------------------------|---------------------|---|---|
| | <u>Applicant Job Search</u> | <u>Job Club</u> | <u>Group Job Search Assistance Kentucky</u> | <u>Job Club/ Workfare San Diego</u> |
| Direct (marginal) cost per participant | \$ 5.08 | \$10.29 | \$4.36 | \$9.28 |
| Indirect service cost factor | 2.25 | 2.25 | 2.25 | 2.25 |
| Indirect service cost | 11.44 | 23.15 | 9.81 | 20.88 |
| TOTAL DIRECT LABOR COST | <u>\$16.52</u> | <u>33.45</u> | <u>14.17</u> | <u>30.16</u> |
| Management Cost Factor | 1.00 | .31 | 0.36 | 0.63 |
| Management Cost | <u>\$16.52</u> | <u>10.37</u> | <u>5.10</u> | <u>19.00</u> |
| Total Labor Cost | 33.04 | 43.82 | 19.27 | 49.16 |
| Non-Labor Cost Factor | .09 | .34 | .31 | .36 |
| Non-Labor Cost | <u>2.97</u> | <u>15.64</u> | <u>5.97</u> | <u>17.70</u> |
| Workfare Costs Per Registrant | | | | 13.95 |
| TOTAL COST PER REGISTRANT | \$36.01 | \$59.64 | \$25.25 | \$80.81 |
| DEMONSTRATION COST PER REGISTRANT | \$39.50 | \$96.33 | \$100.00 | \$76.95 |

Note: The site breakdown by Model is: Applicant Job Search Model--Nassau and Fresno; Job Club Model--Maine, Pensacola, and Portsmouth; Group Job Search Assistance--Kentucky; and Job Club/Workfare--San Diego. The figures for demonstration cost per registrant come from Table 6.3. For San Diego, the demonstration costs were adjusted upward to take account of Workfare costs per registrant.

Source: Tabulations by authors described in section 6.8 and Table 6.3.

client flow than Nassau. These factors counteracted the higher time per service in Fresno and probably held down management cost and non-labor cost per participant as well. Marginal costs per registrant were actually lower in Nassau because the gap between Nassau and Fresno in the proportion of clients actually carrying out job search requirements was offset by the higher time per service in Fresno.

The budget exhaustion theorem alone provides the simplest consistent explanation of variation in per participant cost between Kentucky's Group Job Search Assistance Model and Pensacola's Job Club Model. Kentucky was less expensive than Pensacola, because its group activity (EST) was shorter and it offered fewer individual services than Pensacola's job club. These factors more than made up for the higher rate of assignment to job club in Kentucky. However, because of Kentucky's extremely low utilization rate, demonstration costs per registrant were higher in Kentucky than in Pensacola. The low utilization rate in Kentucky was probably due to the substantial client shortfall there, although the implementation problems discussed previously (see Chapter 4) may have been another factor.

Design and budget exhaustion factors both exerted an influence on costs at the other Job Club sites. The high level of job club staffing, small group capacity, and full-day operation in Maine led to the high marginal cost there. With only an average level of utilization, this site had the second highest total labor cost per participant. The high non-labor costs in Maine may also have been due in part to its expensive model. Although the Job Club model, with the added feature of individual employment assistance, contributed a little to the high total labor cost in Portsmouth, underutilization of staff for direct services and high management time per participant were the main factors behind the \$107 per participant labor cost. High utilization

of direct service staff and management appears to be the reason for San Diego's low labor cost per participant. Apparently, San Diego's large scale permitted high utilization rates of staff time despite an unexpected shortfall in enrollment. Screening did not seem to have affected cost differences between San Diego and the other sites. Portsmouth had the same proportion attending job clubs as San Diego while Maine had a lower proportion.

While screening did not have a major influence on cost differentials between sites, it was a widespread feature of the demonstration programs. Only a low proportion of clients received the full range of services available at most sites.

6.9 Estimating the Cost of Permanent Job Search Requirements

There are several approaches to deriving estimates of the costs of job search requirements under a permanent program from the findings of the demonstration. A straightforward estimate of costs per registrant is expenditures on the job search requirements divided by the number of registrants subject to the requirement. One could compute these estimates of average demonstration costs and examine how they vary across models of job search. Developing these estimates during a steady-state period beginning several months after the start of the demonstration would avoid the problem of having the costs be heavily influenced by the program's initial experience. However, average demonstration costs per participant may still be a weak indicator of the unit costs in a permanent program for several reasons, including:

- 1) Some expenditures that would be associated with permanent requirements were not included in the estimates. The primary omissions were the cost of in-kind contributions of space and equipment and the cost of state and national oversight of locally

administered programs. Both of these omissions bias downward the estimates presented herein.

- 2) The sample of sites was small and possibly not representative. Each model (Applicant Job Search, Job Club, Job Club/Workfare, and Group Job Search Assistance) included only one to three sites that were drawn from a very small number of Food Stamp Agencies that volunteered to participate. Thus, they may not be representative of the nation's agencies in terms of managerial competence, variability of client flow, and staff operations. Further, staff salaries reflected local labor market conditions, and thus might be higher or lower than the nationwide average.
- 3) Demonstration effects influenced costs, primarily through the budget exhaustion syndrome. As discussed in Section 6.3, administrators working with fixed budgets had little incentive to contain costs. At least three of the sites (Kentucky, Portsmouth, Nassau) nearly exhausted their budgets even though it appeared that the flow of participants did not justify such expenditures. Such behavior tends to bias upward the average per-participant cost estimates of offices operating in the future.

An alternative approach is to estimate marginal costs—the costs of imposing the requirement on an additional registrant—and then to take account of the fixed costs of the requirements by adjusting for differences between average and marginal costs. The procedure begins with the marginal costs per participant derived in this chapter and presented in Table 6.16. Next, the analysis adjusts for several additional costs beyond the costs of direct labor time. The process includes these steps:

- 1) Calculate an average of the marginal cost estimates across sites with similar models. This minimizes distortions due to atypical salary structures and quality differentials.
- 2) Develop a factor to adjust for indirect service costs. In this project, the indirect service costs included costs associated with time spent in reporting, paperwork, case consultation, and staff development as well as normal break time. These costs did not include the expenses paying for unproductive time that resulted because managers had no incentive to curtail expenses out of a fixed Federal budget. Thus, they tended to spend their entire budget regardless of the actual labor needs in the offices. Indirect service cost factors were derived from the utilization estimates of the ratio of marginal to average service time (see Section 6.6.3 for an explanation of this utilization measure). Utilization data from sites that were most assuredly affected by the budget exhaustion syndrome (Nassau, Portsmouth, and Kentucky) were discarded. For

the remaining sites, averages were taken across November 1983 and April 1984. On average, for every hour of direct service time, there were 2.25 hours of labor time spent on other necessary activities (including breaks).

- 3) Estimate a factor to use to adjust for local management costs. Calculating this factor involved dividing management costs by direct staff costs from the Staff Utilization Rosters.
- 4) Estimate a factor to adjust for non-labor costs covered by demonstration budgets. This involved dividing non-labor costs derived from site invoices (Table 6.1) by direct staff costs.

This procedure yielded the unit cost estimates of operating the job search requirements as an ongoing national program, assuming that national or local managers were able to align the capacity to administer the job search requirement with the flow of registrants. The costs excluded from these estimates were the outlays required for national management and oversight and for office space. One would expect the office space adjustment to require a small increase; spreading the added national management and oversight costs over all food stamp registrants would result in only a trivial cost per registrant.

The estimates appear in Table 6.19. The cost per-participant of Applicant Job Search (\$36) was much lower than the costs of the Job Club model (\$60) and the Job Club/Workfare model (\$80). The unit cost of the Group Job Search Assistance Model (Kentucky) was only \$25, the lowest of the four models. However, Kentucky also showed the highest gap between unit costs estimated by building on marginal costs and average demonstration costs.

The results show that a variety of job search requirements can be operated for about \$40-80 per registrant. The simple requirement of job search verification was almost \$25 less costly than more complex requirements, such as those mandating attendance at a job club.

Comparing these figures with average demonstration costs gives an indication of the sensitivity of the results to the alternative estimation procedures. To some extent, the differences between unit costs built up from marginal costs and average costs based on demonstration outlays represent the potential gains from aligning an office's capacity closely to the actual flow of clients. Surprisingly, costs per registrant under the Applicant Job Search and the Job Club/Workfare Models are virtually identical under the two estimation procedures. On the other hand, the costs of the Job Club and the Group Job Search Assistance Models appeared much higher using average demonstration costs than using unit cost estimates based on the marginal cost approach.

What can one conclude about the costs of job search requirements? First, the costs of the Applicant Job Search Model is likely to be about \$40 per registrant, an amount substantially lower than the costs of approaches that utilize job clubs. Second, the costs per registrant of the Job Club and Group Job Search Assistance may vary widely, from \$25 to \$100. One important determinant of the costs of such models is the ability and the incentive of an agency to adjust staffing levels to the flow of registrants. Third, the cost per registrant of models that combine job clubs with a job contact or a Workfare requirement may be little more and possibly less than a pure Job Club Model. The reason seems to be that the combined approaches are able to screen registrants or stimulate many to leave the rolls before participating in the most expensive components of the job search requirement.

7.0 THE COSTS AND BENEFITS OF FOOD STAMP JOB SEARCH REQUIREMENTS

Unlike private market activities, government programs are generally viewed from a variety of perspectives. This alone makes government policies especially controversial. Still, there are ways of calculating outcomes of government programs that are comparable to the private sector's "bottom line." This chapter develops such calculations for the initial and expanded stages of the demonstration. After discussing some methodological and measurement issues, the chapter presents detailed estimates of the costs and benefits of job search requirements implemented during the expanded stage of the demonstration. Next, it compares the costs and benefits of models operating during the expanded stage with models operating during the initial stage of the demonstration.

7.1 Concepts and Measures of Costs and Benefits

7.1.1 The Social, Taxpayer, and Recipient Perspectives

In developing cost-benefit analyses of many public programs, economists have traditionally focused on social costs and benefits. As discussed in Chapter 6, social costs represent the value of scarce resources used up in a program and social benefits are the value of scarce resources produced under a program.¹ In the context of this demonstration, social costs included the value of labor services, materials, and office space used to administer

¹An important assumption that often underlies cost-benefit analyses is that the economy is operating at full employment. Were labor and other resources underemployed, one might argue that the opportunity costs of workers and office space is near zero. An alternative approach is to recognize that, while the economy is operating below full employment, the level of capacity utilization is independent of the program. From this perspective, resources used to administer the program reduce the availability of resources for other uses.

the job search requirements as well as the opportunity cost of the time recipients spent meeting the job search requirements. Social benefits encompassed the increased production generated as a result of the increase in labor supplied by the registrants. The conventional measure of such benefits is the increase in recipient earnings. However, such increases may not have equalled gains in real output for several reasons. The added employment of registrants might not have raised production insofar as registrants displaced other workers. To the extent market production rose because of increased work by registrants, one may still want to deduct the lost value of nonmarket time (leisure or unpaid hours working in the home).² Reductions in taxes and transfers would count only to the small extent that they lessened such economic distortions as the disincentive to work.

The taxpayer and recipient perspectives take account not only of the program's impact on the value of production, but also of who benefits and who loses from a specific program. Here, the main outcomes are conceptually straightforward. The benefits to taxpayers were the reductions in transfer outlays and the increases in taxes derived from recipients. Taxpayer costs equalled the outlays required to administer the job search requirements. Recipients gained benefits in the form of increased earnings, but bore the costs of reduced transfer payments, increased taxes, and reduced nonmarket time (leisure and housework).

2A complete examination of social benefits would also have to consider a wide range of outcomes not measured in this evaluation. Among them are: the long-term resource gains resulting from the fact that increased current employment improves the worker's abilities by providing on-the-job training and experience; the value of psychological and family stability benefits derived from increased work by recipients (again, offset by any costs to reduced work by others); the value to other citizens of seeing reductions in dependency; and the possible decline in the unemployment rate consistent with a given level of inflation.

Chapters 5 and 6 produced estimates for several of the components of costs and benefits. The next section brings together these estimates to examine the costs and benefits of the demonstration's job search treatments. Several real costs and benefits lie beyond the scope of the analysis; including: the stigma and nonmarket time costs imposed on recipients and the satisfaction of citizens knowing that recipients could not receive benefits without demonstrating genuine efforts to find jobs.

7.1.2 Some Measurement Issues

In measuring costs and benefits of the job search requirements, one must choose the appropriate unit and time period for the analysis as well as the approach for pooling data across sites. The analysis of impacts on earnings and food stamp benefits, which built on the experimental design of the demonstration, derived estimates of effects on the average nonexempt applicant assigned to the treatment group. This unit of analysis permitted the most unbiased and precise estimates of program impacts. The cost analysis followed this procedure for defining the unit.

The estimates of costs and benefits covered a period of three quarters from the date of application. Chapter 5 developed estimates of effects on earnings and on transfer payments during the first quarter and the fifth and sixth months after application. To obtain an estimate for the entire second quarter required projecting treatment effects for the fourth month after application. The analysis used the conservative assumption that fourth month impacts were only one-half the average effects taking place during the fifth and sixth months. Although the data on recipients provided information during only two quarters after application, the evidence indicated that the impacts on employment showed little sign of eroding over the second

quarter after application. Effects on food stamp benefits appeared to be actually increasing at the sixth month after application. For this reason, the cost-benefit analysis included projected benefits during the third quarter after application. The projection was based on the assumption that the impacts eroded evenly and fully over the third quarter so that the effects in the third quarter were one-half those observed during the second quarter.

The analysis below pools results across all agencies and across agencies implementing similar job search procedures. The groupings are: Applicant Job Search (Fresno and Nassau County), Job Club (Maine, Pensacola, and Portsmouth), Group Job Search Assistance (Kentucky), and Job Club/Workfare (San Diego).

7.2 The Estimates of Benefits and Costs

7.2.1 The Benefits

The estimates of impacts on earnings and total transfers provided entries for the benefit parts of the analysis. According to the results derived in Chapter 5, treatment status raised earnings during the first and second quarters after application, but lowered transfer payments only during the second quarter. The data analysis in Chapter 5 provided estimates of effects separately for the first quarter and for two of the three months during the second quarter after application. As noted above, impacts during the first month of the second quarter were assumed equal to one-half the average impact in the other two months of the quarter. Earnings effects during the third quarter were projected at one-half the impacts estimated for the second quarter. If the erosion of effects on earnings and transfer payments were more rapid or less rapid than assumed here, the benefit estimates might have overstated or understated actual benefit effects.

The social component of demonstration project benefits is the increased recipient earnings induced by the job search requirements. Recipient benefits are also equal to their gain in earnings. To taxpayers, the benefits are the sum of the reductions in total transfers plus the projected increases in taxes paid by recipients. A conservative estimate of increased taxes is 10 percent of the gains in recipient earnings.

Table 7.1 summarizes the benefit estimates by quarter and projects the total impacts as the sum of the first second, and third quarter effects. Although benefits were substantial in all models, San Diego's Job Club/ Workfare treatment and the Applicant Job Search Model produced by far the largest effects on earnings and transfer benefits.

7.2.2 The Costs

The cost of administration is the primary social, and taxpayer, cost of the job search requirements. As discussed in Chapter 6, the demonstration's administrative outlays per participant were not a good indicator of the unit costs of operating the requirements because: (1) they depended heavily on the relationship between projected and actual enrollments; and (2) project managers had little incentive to spend less than the fixed budget allotted by the Food and Nutrition Service. For purposes of the cost-benefit analysis, the appropriate measure of administrative costs is what the unit costs of operating job search requirements would be on an ongoing basis. The estimates drawn from Chapter 6 attempt to measure this concept of unit cost. However, they are subject to biases in both directions. The estimates understate costs because they do not account for Federal and State management and oversight costs nor for the costs of renting office space. An upward bias may result

Table 7.1

Estimates of Benefits for all Sites and Individual Sites

| | <u>Effects on Earnings</u> | | | <u>Effects on Total Transfers</u> | |
|------------------------------------|----------------------------|-----------------------|--------------|-----------------------------------|--------------|
| | <u>First Quarter</u> | <u>Second Quarter</u> | <u>Total</u> | <u>Second Quarter</u> | <u>Total</u> |
| <u>All Sites Models</u> | \$86 | \$116 | \$260 | \$87 | \$130 |
| <hr/> | | | | | |
| <u>Applicant Job Search</u> | | | | | |
| Fresno and Nassau County | 126 | 155 | 358 | 148 | 222 |
| <u>Job Club Only</u> | | | | | |
| Pensacola, Maine and Portsmouth | 76 | 39 | 135 | 41 | 61 |
| <u>Group Job Search Assistance</u> | | | | | |
| Kentucky | -23 | 64 | 73 | 80 | 120 |
| <u>Job Club/ Workfare</u> | | | | | |
| San Diego | 136 | 277 | 551 | 156 | 234 |

Note: The estimates of total earnings and total transfers equal the sum of first quarter and second quarter effects plus the third quarter effects, where the projections of third quarter effects are one-half the second quarter effects. The derivation of second quarter effects involved multiplying by 1.33 the estimated effects for the fourth and fifth months after application. The assumption underlying this adjustment is that impacts in the fourth month were one-half the average impact that took place during the fifth and sixth months after application.

Source: Tables 5.9, 5.16, and Table 4.8 from the Phase III Report.

from the fact that local agencies did not have time to restructure their organization to operate at the appropriate scale.

7.2.3 The Net Benefit Outcomes

The estimates of total costs and benefits indicate that, on average, the job search requirements led to large gains for taxpayers, recipients, and society as a whole. Table 7.2 presents estimates for all sites combined and for groups of sites. Because of the small samples at individual sites, the impact estimates by site were often not statistically significant. The estimates based on pooled results for the entire demonstration are most reliable.

The net benefits to taxpayers were substantial, amounting to double the administrative cost per participant. A sizable amount of taxpayer benefits (\$48 of the \$156) were projected third quarter reductions in transfer payments and increases in taxes. But, even excluding such projected gains, taxpayer benefits per participant exceeded taxpayer unit costs (\$108 to \$47). Net social benefits amounted to \$213, a strikingly high figure. Most (\$155) of these benefits came from first and second quarter benefits and not from projections for the third quarter. Finally, the demonstration estimates suggest that on average, participants raised their earnings by \$260, or much more than they lost in increased taxes and reduced transfers (\$156). In fact, the net benefits to recipients (\$104) was nearly as high as the net savings to nonrecipient taxpayers (\$109).

The level of the net benefits varied widely across sites and models. Although some variation might have resulted from the random errors normally associated with small samples, the observed patterns probably reflect genuine differences in sites and models. The Applicant Search Model and San Diego's

Table 7.2

A Summary of Costs and Benefits Per Participant

| | <u>All Sites</u> | <u>Applicant Job Search, Fresno and Nassau County</u> | <u>Job Club Pensacola, Portsmouth and Maine</u> | <u>Group Job Search Assistance Kentucky</u> | <u>Job Club/ Workfare San Diego</u> |
|--|----------------------|---|---|---|---|
| <u>Taxpayer Benefits</u> | | | | | |
| Reductions in Food Stamp and Other Transfers | \$130 | \$222 | \$61 | \$120 | \$234 |
| Tax Increases | 26 | 36 | 14 | 7 | 55 |
| Total Taxpayer Benefits | 156 | 258 | 75 | 127 | 289 |
| <u>Taxpayer Costs</u> | | | | | |
| Unit Costs of Administration | 47 | 36 | 60 | 25 | 80 |
| Net Taxpayer Benefits | 109 | 222 | 15 | 102 | 209 |
| <u>Recipient Benefits</u> | | | | | |
| Earnings Gains | 260 | 358 | 135 | 73 | 551 |
| <u>Recipient Costs</u> | | | | | |
| Reduced Transfers, Increased Taxes | 156 | 258 | 75 | 127 | 289 |
| Net Recipient Benefits | 104 | 100 | 60 | -54 | 262 |
| <u>Social Benefits</u> | | | | | |
| Earnings Gains | 260 | 358 | 135 | 73 | 551 |
| <u>Social Costs</u> | | | | | |
| Unit Costs of Administration | 47 | 36 | 60 | 25 | 80 |
| Net Social Benefits | 213 | 322 | 75 | 48 | 471 |

Sources: Table 7.1 and Table 6.19.

combined Job Club and Workfare approach yielded by far the highest net benefits for taxpayers, recipients, and society as a whole. In Kentucky, where the Food Stamp Agency implemented the Group Job Search Assistance approach, the demonstration treatment also induced sizable net benefits for taxpayers and society, but net losses for recipients. The Job Club Model raised the earnings of registrants by a moderate amount while inducing the smallest impacts on total transfers. Yet, even the Job Club Model yielded taxpayer and recipient benefits in excess of taxpayer and recipient costs.

What are the implications of these results for the most promising job search approaches? First, requiring applicants to make job contacts prior to certification can be highly effective, even at sites whose administrative operations appear no better than average. Second, the impact of mandating attendance at job clubs or at informal group job search sessions will vary with the way the requirement is implemented.

The reason for the relatively weak performance of some job club sites resulted more from their substantially lower than average benefits than their above average administrative costs. Loose administrative practices may have accounted for the relatively weak effects on earnings and transfer payments in Maine and Portsmouth.

The one site that combined job clubs with a Workfare requirement-- San Diego--induced net social benefits that were by far the highest in the entire demonstration. However, the addition of the Workfare component was probably not the key element in San Diego's success. Instead, the striking outcomes in San Diego were more likely due to the site's unusually long experience in operating work requirements and the site's unusually strong commitment to moving recipients into jobs.

Given the variation in outcomes at sites using job clubs, approaches emphasizing immediate job search actions by registrants appear more promising than job club models. Even at Food Stamp Agencies whose administrative performance did not seem particularly smooth and efficient, requiring registrants to make job contacts soon after application or registration generated increased earnings for recipients and reductions in transfer benefits at a low cost to the government. The use of job clubs generally raised budget costs, but, except in San Diego, did less to increase recipient earnings or reduce transfer payments. Only if San Diego's enormous impacts were averaged with the effects at the other job club sites would the job club approach compare favorably with the Applicant Job Search Model. However, in all likelihood, San Diego's high net benefits resulted more from its rigorous administrative approach than from its use of the Job Club/Workfare Model.

7.3 An Overall Assessment of Both Stages of the Work Registration and Job Search Demonstration Project

How do the outcomes observed in this Expanded Work Registration and Job Search Demonstration Project compare with what took place during the initial stage of the demonstration? What factors may have influenced the differences in outcomes? What are the implications for structuring job search requirements in ongoing programs?

The Initial stage of the demonstration tested three distinctive approaches to implementing the job search requirements: In-Person Registration, Job Club, and Food Stamp Agency Models. Under the In-Person Registration Model and the Job Club Model, responsibility for the job search requirements rested primarily with State Employment Service Agencies. While the Food Stamp Agencies maintained responsibility for intake, initial referral, and sanctioning, the Employment Service offices categorized registrants, provided job search

assistance or job club services, informed registrants of the job contact requirements, and determined whether registrants were or were not complying with the job search requirements. Only in the Food Stamp Agency Model did the full responsibility for the job search requirements rest with Food Stamp Agency offices.

The kinds of requirements imposed on registrants varied with the model. The In-Person Registration Model required applicants to register at the State Employment Service Agency as a condition for certification of benefits. The agencies implementing this model generally added a requirement that registrants make job contacts with employers and report the contacts to an employment counselor. Under the Job Club Model, local State Employment Service Agencies either referred registrants to a job club or required that they make and report direct job contacts with employers. The Food Stamp Agency Model also imposed the job contact requirement on registrants. In practice, some sites supplemented the job contact provision with group meetings at which counselors tried to improve the ability of registrants to search for jobs.

The primary motivation for conducting the Expanded stage of the demonstration was to determine the impact of job search requirements when administered entirely by Food Stamp Agencies. In the Expanded stage, Food Stamp Agencies controlled the job search requirement as well as the intake and sanctioning process at all sites. In other respects, the models that operated during the Initial stage of the demonstration had similarities to those run under the Expanded stage of the demonstration. Applicant Job Search was designed to operate more strictly than In-Person Registration. But, in practice, the two were similar in that both approaches emphasized immediate job-seeking actions by applicants and both placed the initial burdens on

applicants and not agency staff.³ During both stages of the demonstration, several sites required registrants to attend job clubs. In the Initial stage, the State Employment Service Agencies ran the job clubs. In the Expanded stage, Food Stamp Agencies operated the job clubs except in Pensacola, where the local Food Stamp Agency contracted with the local Employment Service to conduct the job clubs.

Most of the differences in models related to the timing and grouping of activities under the job search requirement. Pensacola required registrants to undertake job contacts and, if still not employed, to enter job clubs after completing the job contacts. In the Initial stage, sites implementing the Job Club Model sometimes mandated the job contact requirement as a substitute for attendance at job clubs. Timing the job contact requirement prior to the certification for food stamps was the primary new feature of the Applicant Job Search Model. Kentucky's Group Job Search Assistance approach involved job-finding sessions that were often informal and not intensive. This model did not follow the design of models specified under the Initial stage of the demonstration. Finally, nothing in the initial stage was similar to the Workfare component added to San Diego's Job Club.

Perhaps the most important difference between the two stages of the demonstration was in the state of the nation's economy. The Initial stage took place between April and December 1982 during a major recession. Over these months, employment declined by 400,000 and the unemployment rate jumped from 9.3 to 10.8 percent. In sharp contrast, the nation's economy was improving during the expanded stage of the demonstration between November 1983

³The design of the In-Person Registration Model did not call for imposing a job search requirement on registrants. Nevertheless, the sites operating the IPR Model chose to require work registrants assigned to the treatment group to make direct job contacts with employers.

and May 1984. The economy added over 3 million jobs and reduced the unemployment rate from 9.3 to 7.7 percent. To the extent that the economic recovery raised the control group's employment as much as the treatment group's employment, the differences in the state of the economy might not have affected the results. However, one would suspect that the job search requirement would have a larger impact on employment and earnings when jobs are plentiful than when jobs are scarce. Raising the intensity of job search and the willingness of registrants to accept jobs is likely to make little or no difference when employers are not hiring.

The two stages of the demonstration yielded important findings concerning the ability of Food Stamp Agencies to administer job search requirements, the effectiveness of alternative models for implementing job search requirements, and the impacts of job search requirements on earnings, benefit levels, and administrative costs. In the Initial stage, the Food Stamp Agency Model showed the weakest impacts on earnings and benefit payments. One plausible interpretation was that positive impacts were more likely to occur if registrants interacted with Employment Service offices than if registrants dealt exclusively with the Food Stamp Agency. At the same time, the results of the implementation analysis did not suggest any clear advantage for one over another administrative approach. It clearly was feasible for the Food Stamp Agency to classify registrants into a job-readiness category and to mandate that they make and report job contacts. Yet, at the same time, dividing the administrative responsibility between a Food Stamp Agency and Employment Service Agency did not lead to coordination problems. The required paperwork flowed smoothly between agencies. Moreover, even the Food Stamp Agency Model required that the income maintenance and employment units coordinate their functions.

The initial stage also indicated that intensive job search assistance in the form of job clubs had no clear advantage in stimulating earnings and reducing benefit payments over an approach that stressed immediate contact with employment counselors and required the registrant take responsibility for making job contacts. Relative to the In-Person Registration Model, the Job Club Model showed higher costs per registrant, but no higher gains in earnings or food stamp benefits. Contributing to the cost and performance problems of Job Clubs was the difficulty of minimizing slack time and underenrollment without inducing long waiting periods for registrants.

The findings from the Expanded Demonstration supported only some of these results. As Table 7.3 indicates, the job search requirement exerted a much larger positive effect on earnings during the Expanded Demonstration than during the Initial Demonstration. Earnings per registrant over the six month post-application period rose about \$202 in the Expanded stage, but only \$59 in the Initial stage. Even the model that induced the largest impacts on earnings during the Initial Demonstration did not match the effects on earnings that took place in the average site during the Expanded Demonstration.⁴ These results suggest that placing full administrative responsibility in the hands of Food Stamp Agencies need not weaken the impact of job search requirements on earnings, terminations, and benefit payments.

Impacts on food stamp benefits were virtually identical during the two stages. The most likely reason is that effects on terminations for noncompliance (during the first quarter after application) were nearly as high in the Initial as in the Expanded Demonstration. Reductions in total transfers

⁴This comparison uses the estimates of earnings effects shown in Table 7.3, not the estimates presented in the Interim Report. The estimates appearing in Table 7.3 were derived from tobit equations, while the earnings effects in the Interim Report came from ordinary least squares equations on the log of earnings.

Table 7.3: Earnings and Benefit Effects of Treatment During the Initial and Expanded Stages of the Demonstration

| | <u>Initial Stage by Model</u> | | | <u>Expanded Stages</u> | | | |
|--|-------------------------------|----------------------|------------------------------------|----------------------------|-------------|------------------------|--------------------------|
| Earnings: 1st Quarter After Application | Food Stamp Agency Model | Job Club Model | In-Person Registration Model | Applicant Job Search | Job Club | Group Job Search | Job Club/ Workfare |
| Males | -\$24 | \$86** | -\$16 | -- | -- | -- | -- |
| Females | 70* | 14 | -10 | -- | -- | -- | -- |
| Total | 11 | 53* | -8 | +126 | +76 | -23 | +136 |
| Earnings: 2nd Quarter After Application | | | | | | | |
| Males | -19 | 9 | 224*** | +120 | +229 | +78 | +284 |
| Females | +11 | 109* | 40 | +98 | -16 | +96 | +223 |
| Total | 6 | 59 | 113** | +117 | +29 | +54 | +208 |
| Food Stamp Benefits: 2nd Quarter After Application | | | | | | | |
| Males | -11 | -45*** | -40** | -24 | +5 | -34 | -70 |
| Females | 0 | -40* | -70*** | -18 | -28 | -33 | -60 |
| Total | -4 | -41*** | -53*** | -20 | -13 | -33 | -59 |
| Total Transfers 2nd Quarter After Application | | | | | | | |
| Males | -49 | -129** | -23 | -185 | +30 | -42 | -222 |
| Females | 25 | -52 | -151*** | -96 | -56 | -61 | +12 |
| Total | -17 | -93** | -62* | -111 | -31 | -60 | -117 |

a. Estimates for the Expanded Demonstration are drawn from tobit equations on individual sites. The treatment effects by model shown in this table are simple averages of site effects within models. Thus, the significance tests performed for individual sites were not always applicable to effects by model. The significance tests by site appear in Tables 5.9, 5.15, and 5.16. Since the dependent variables covered only the fifth and sixth months after application, deriving treatment effects for the entire second quarter involved multiplying the two month impacts by 1.33. Because of small differences in specification, the estimates of treatment effects on all registrants is not always a weighted sum of the effects on males and on females.

Source: Tobit equations estimated from three and six month household surveys.

during the expanded stage averaged twice the level that took place during the initial stage.

The sites in the Expanded Demonstration achieved these higher benefits while operating at lower unit costs than did the sites in the Initial Demonstration. Given the differences in models and slight differences in methodology, one should be cautious about making direct cost comparisons. Nonetheless, it is noteworthy that all the approaches were less costly in the Expanded than in the Initial Demonstration. Table 7.4 presents the cost and benefit information by model and stage of the demonstration. The Applicant Job Search cost only \$36 per unit. This was \$11 less than the \$47 cost of the In-Person Registration Model and \$39 less than the \$75 cost of the Food Stamp Agency Model. The average costs of operating Job Club Models in the initial stage averaged \$119, an amount well above the \$60 in the pure Job Club Model and \$81 in the Job Club/Workfare Model of the Expanded Demonstration. Some of these declines in costs appear to have resulted from improvements in the contractor's ability to estimate the unit costs of group activities.

Which of the models yielded benefits in excess of costs? One striking result is that all but the Food Stamp Agency Model in the initial demonstration produced positive net benefits for taxpayers and society. The combined Job Club-Workfare approach, which was implemented only in San Diego and not at all in the first part of the demonstration, induced by far the highest net benefits. Outside of San Diego, the models with the highest net benefits were the Applicant Job Search and In-Person Registration Models. Thus, the gains from job search requirements were most consistent in cases where agencies required immediate job-seeking actions by registrants and placed the initial burden on registrants rather than on agency staff. The outcomes for recipients were positive in only four of the seven models. However, the average recipient

Table 7.4: Benefits and Costs By Model For the Expanded and Initial Work Registration and Job Search Demonstration Project

| Benefits and Costs | Initial Stage | | | Expanded Stage | | | |
|--------------------|-------------------|----------|------------------------|----------------------|----------|------------------|--------------------|
| | Food Stamp Agency | Job Club | In-Person Registration | Applicant Job Search | Job Club | Group Job Search | Job Club/ Workfare |
| <u>Taxpayers:</u> | | | | | | | |
| Benefits | \$27 | \$153 | \$109 | \$258 | \$75 | \$127 | \$289 |
| Costs | 75 | 119 | 47 | 36 | 60 | 25 | 80 |
| Net Benefits | -48 | 34 | 62 | 222 | 15 | 102 | 209 |
| <u>Recipients:</u> | | | | | | | |
| Benefits | 20 | 142 | 161 | 358 | 135 | 73 | 551 |
| Costs | 27 | 153 | 109 | 258 | 75 | 127 | 289 |
| Net Benefits | -7 | -11 | 52 | 100 | 60 | -54 | 262 |
| <u>Social:</u> | | | | | | | |
| Benefits | 20 | 142 | 161 | 358 | 135 | 73 | 551 |
| Costs | 75 | 119 | 47 | 36 | 60 | 25 | 80 |
| Net Benefits | -55 | 22 | 114 | 322 | 75 | 48 | 471 |

Note: The benefits cover the period from application to nine months after application. The estimates of third quarter benefits are one-half the benefits observed during the second quarter after application.

Source: See Table 7.2 for costs and benefits in expanded stage. The initial stage costs come from Table 6.3 in the Interim Report. The benefits of the initial stage models were calculated from the earnings and total transfer impacts reported in Table 7.3.

gains were much higher (\$120) than the average recipient losses (\$24). The net loss to recipients did reach \$54 under Group Job Search in the expanded stage, but losses under the other models were only \$7 and \$11.

Another noteworthy result is that the earnings gains from Job Clubs were similar during the two stages of the demonstration. All of the increased benefits during the expanded stage came from the effects of the Applicant Job Search and Job Club/Workfare Models.

Finally, as noted above, estimates of administrative costs were lower in all Expanded Demonstration Models than the comparable Initial Demonstration Models. However, even without this cost advantage, the expanded stage models would have generally performed better than the initial stage models. Suppose the costs of Applicant Job Search had equalled the costs of In-Person Registration, that the costs of Job Club and Job Club/Workfare had equalled the initial stage costs of the Job Club, and that the costs of Group Job Search Assistance had equalled the costs of the Food Stamp Agency Model. The only shift in outcomes from those observed would have been to cause the Job Club in the Expanded Demonstration to yield losses for taxpayers.

Some differences that emerged over the course of the two stages of the demonstration probably had as much to do with differences in agency characteristics and modes of administration as with differences in the approach used to implement the job search requirements. Local agency attributes were particularly important in the case of San Diego, where the agency's administrative experience and its commitment to the concept of job search requirements probably contributed much to its striking success. Further, agencies with the weakest administrative performance or agencies most willing to exempt registrants from the requirements happened to operate job club approaches. Because of these and other differences in agency practice and the small number

of sites operating each model, the demonstration results do not permit a precise allocation of impacts by model. Nevertheless, one can derive several salient implications from the results of the Work Registration and Job Search Demonstration Project. The next chapter draws on these results to present some broad conclusions and recommendations.

8.0 CONCLUSIONS

The results from the two stages of the Food Stamp Work Registration and Job Search Demonstration Project offer the most solid evidence to date on the ability of agencies to implement job search requirements, on the impacts of search requirements on food stamp recipients, and on the costs of administering the requirements. The findings are particularly valuable because of the demonstration's experimental design. Prior studies of job search requirements have not provided reliable information on what would have happened to registrants in the absence of the requirements. Furthermore, the demonstration involved large numbers of registrants, operated within the existing Food Stamp Program at 18 sites, utilized a variety of implementation approaches, and took place in two extremely different economic environments. The two important limitations of the demonstration results are that the local agencies implementing the model job search requirements were not a representative sample of agencies and that the job search treatments were administered as part of a demonstration rather than as part of an ongoing program. This final chapter draws together the major findings from the implementation, impact, and cost analyses of the Job Search and Work Registration Demonstration Project.

8.1 Findings Concerning the Administration of Job Search Requirements

The demonstration tested several key questions about job search requirements. The primary questions concerning administrative processes were:

- Will local Food Stamp and Employment Service Agencies implement job search requirements rigorously according to the specified treatments? Or, will agency staff subvert the intent of the procedures or prove incapable of carrying them out?
- Will Employment Units be able to set up group activities like job clubs? Will Employment Units be able to provide other kinds of job search assistance?

- Will Food Stamp Agency staff be willing to sanction registrants reported to have not complied with the job search requirements? Or, will they accept excuses and delay the sanction until registrants leave the rolls on their own?
- Will staff who monitor job search requirements coordinate their activities effectively with those responsible for sanctioning noncompliant registrants? Or, will paper flows and bureaucratic inertia lead to delays and poor communication between units?
- Will Food Stamp Agencies be able to take full responsibility for administering the job search requirements?
- Will models that place most of job search and reporting burden on applicants be easier to administer than models in which agency staff must call in registrants before applying the job search requirements?

The study's results provided clear answers to most of these questions. In general, the agencies implemented the job search requirements as specified. There was no evidence that agency staff tried to subvert the procedures. Assessing the job-readiness of registrants was to be the first step in the job search procedures. Although the proportions varied by model and site, either registrants appeared for an assessment interview or they were found noncompliant. There was no evidence of systematic agency failure in establishing initial contact with registrants. The assessment interview was to determine whether a registrant was job-ready or not subject to the search requirements. In 17 of the 18 sites, the majority of those assessed were classified as job-ready.

The next step was imposing the job search requirements on job-ready registrants. Again, agencies generally followed the rules and required registrants to make and report job contacts, attend job clubs, and/or work at a Workfare job. In the Expanded Demonstration, about 90 percent of job-ready registrants were assigned to a specific treatment. About 60 percent of treatment group registrants in all classifications reported having been

assigned to a specific treatment. At those sites implementing the Job Club Model, agencies did arrange the necessary job club slots for registrants assigned to job clubs. However, several of the job clubs did not achieve the high levels of intensity and peer support called for under the standard job club model. In addition, the number of job club slots often did not match the flow of registrants assigned to job clubs. Some sites managed the variability of registrants effectively, but at other sites, the mismatch sometimes led to long waiting times and sometimes resulted in underutilization.

The final part of the procedure was to sanction registrants who did not comply with the job search requirements by terminating the Food Stamp benefits. Contrary to prior evidence that agencies rarely terminated clients for noncompliance, Food Stamp Agency staff imposed sanctions on 25 to 30 percent of treatment group registrants. In general, agencies followed up instances of noncompliance with a termination of benefits.

The feasibility and desirability of Food Stamp Agency administration was an important issue in the demonstration. Giving the Food Stamp Agencies full responsibility might have: limited coordination problems that had existed between Employment Service and Food Stamp offices, caused employment counselors to attach a high priority to placing recipients in jobs, and/or led to weak implementation of the job search monitoring and job club components. In general, the results indicated that Food Stamp Agencies were able to carry out the job search requirements. Food Stamp Agency administration did not eliminate the need for coordination, since the Food Stamp Agencies established separate Employment Units which were not part of the Income Maintenance Units. However, the coordination problems were generally manageable, as they usually had been between the Food Stamp Agency and State Employment Service Agency (SESA). Placing the Employment Unit within the Food Stamp Agency instead

of in the SESA had little impact on the effectiveness of coordination. Similarly, there was no noticeable difference in the priority attached to placing food stamp recipients. When SESAs designated a special unit to deal with food stamp recipients, the job-related services were as good or better than those provided by Food Stamp Agencies. At the same time, Food Stamp Agencies with the responsibility to monitor job search or to develop job club positions were able to do so, sometimes by subcontracting to local State Employment Security Agencies.

Administrative differences were most apparent between models. The In-Person Registration and the Applicant Job Search Models had important administrative advantages. Both placed the initial compliance burden on registrants. Unless registrants registered for work at the State Employment Service Agency (under In-Person Registration) or made and reported job contacts (under Applicant Job Search), they were unable to obtain certification for food stamp benefits. In the case of the other models, agencies had to take the initiative to call-in, meet with, assess, and assign the registrant to a specific job search treatment. Since these procedures took place after the registrant's household became certified to receive benefits, there was less urgency from the registrant's standpoint to complete the requirement. As a result, the job contact requirement was easier to administer under the Applicant Job Search Model than under other models.

The models involving group activities had added administrative burdens. Agencies implementing Job Club, Group Job Search Assistance, and Job Club/Workfare Models had to arrange sessions, to assign registrants to specific meetings (or jobs under Workfare), and to monitor attendance. The Food Stamp Agencies did undertake these administrative tasks. But, the added complexity

naturally increased the gaps between the planned and actual operation of the job search requirements as well as the costs.

Overall, the demonstration showed that a variety of job search procedures are feasible and that the staff at local Food Stamp and State Employment Security Agencies are willing and able to carry out their functions, including the termination of registrants who fail to comply with program rules.

But to what end? It was by no means obvious that administrative success would translate into cost-effective impacts on applicants for food stamps.

8.2 Findings Concerning the Impacts and Costs of Job Search Requirements

Before reviewing the impact and cost results, it is worth considering a variety of potential outcomes that could sensibly be expected on the basis of prior studies. Among the possibilities were that:

- the job search requirements would influence job-ready registrants to look harder for jobs or would have no effect because such registrants would have looked intensively for work and taken any job in the absence of the requirements;
- search requirements would have little impact on the job search, employment or food stamp benefits of work registrants; those who were not interested in finding work on their own would go through the motions of compliance without changing their behavior;
- noncompliance with job search requirements would reduce participation in the Food Stamp Program or would have little impact because those terminated would have left the program even in the absence of the requirements;
- the job search requirements would reduce food stamp benefits and other transfer payments either because of increased earnings of households or because of the sanctions imposed on registrants who failed to comply with program rules; the benefit reductions might represent a significant decline in government outlays or might be quickly offset by an early return to the program; and
- the job search requirements would be costly to implement relative to the savings in government transfer payments and the increase in recipient earnings or taxpayers would pay less for transfer programs because reductions in benefit payments would be higher than the administrative costs of job search requirements.

The demonstration results offer valuable new evidence concerning which of these possibilities is most likely to occur. In general, the requirements did increase the intensity with which registrants looked for jobs. Job contacts per week spent not employed rose by about 20 percent. More importantly, the job search treatments stimulated significant increases in employment and earnings. Generally, a U-shaped pattern characterizes the employment trend among food stamp registrants over time. The proportion employed falls to a low point around the date of application and rises gradually over the following months to about the levels experienced in the months prior to application for Food Stamps. In the demonstration, registrants subject to the job search treatment became employed more quickly than did the control group.

The positive effects on earnings were significant and robust, especially when the economy was healthy. During the Expanded Demonstration, when the nation's employment was rising rapidly, the job search treatments increased earnings of the average registrant by \$202 through the second quarter after application. But even when the economy was in a severe recession, job search requirements induced some gains in employment and earnings. The average earnings gain across all models in the Initial Demonstration was only about \$40 during the six months after application. The gains resulting from the application of the In-Person Registration and Applicant Job Search Models were higher than average, while the Job Club Models induced effects that were about average. In one case, the Job Club/Workfare Model, an intensive job search requirement did have an extremely large impact on earnings. But, this was probably due to conditions and the administrative performance in San Diego, the single site implementing that model.

These effects on earnings, combined with large increases in terminations for noncompliance, significantly lowered the proportion of registrants participating in the Food Stamp Program. The job search treatments raised the proportion denied certification or terminated for noncompliance by about 12-14 percentage points. Participation rates fell by slightly more, especially among women registrants. Thus, one can conclude that program impacts reduced participation among many who would have remained on the food stamp rolls in the absence of the job search requirement.

All the models caused reductions in food stamp benefits and other transfer payments. The size of the reductions were large relative to average benefit levels. During the second quarter after application, the reduction in food stamp benefits for the average registrant assigned to the treatment group was about 15 percent of benefits received by the control group. The job search requirements induced slightly lower percentage reductions in total transfers, which included payments from Unemployment Compensation and public assistance. Of course, these average impacts were the combination of much larger reductions for some registrants and no reduction at all from others.

Although food stamp benefits and other transfer payments declined in response to the job search treatments, registrants experienced earnings gains that were substantially higher than these reductions. The reduction in government transfer payments resulted from improved earnings as well as from applying sanctions against registrants who did not comply with search requirements.

Isolating those aspects of the treatment that influenced earnings and benefit outcomes was difficult because the registrants who made job contacts or attended job clubs had different characteristics from the registrants who did not. In fact, registrants most able to find jobs were least likely

to make job contacts, attend job clubs, or work at a Workfare site. After taking account of these differences, it became possible to estimate the impact of participation in a job search activity. The results indicated that taking part in an activity--whether it was making job contacts, attending a job club, or going to a Workfare job--raised employment and earnings and reduced participation in the Food Stamp Program, especially among women.

The demonstration documented that job search requirements produce benefits in the form of increased earnings and reduced transfer payments. But, were these benefits worth the administrative costs of operating the requirements? To what extent did the costs vary with the intensity of the job search requirements? What other factors influenced the costs? What would the expected costs be per registrant of operating the search requirements on a national level?

Estimates from the demonstration of the costs per registrant ranged from \$25 to \$119. The variation resulted partly from the intensity of alternative job search procedures and partly from differences in the match between an office's capacity and the actual flow of registrants. High per registrant costs were often the result of underutilization of offices with unexpectedly low client flow. The Applicant Job Search and In-Person Registration Models were clearly the lowest cost approaches, averaging about \$36-47 per registrant. The costs of Job Clubs and Group Job Search Assistance showed a wide range, partly because of differences in the ability of sites to align their staffing levels to the flow of registrants. In Kentucky's Group Job Search Assistance Model, actual demonstration outlays divided by the number of registrants reached \$100. However, were Kentucky able to avoid its excess capacity, its cost would have been only \$25 per registrant.

Taken together, the cost and benefit estimates suggest that the job search requirements could save taxpayer dollars and could increase the earnings of recipients. On the basis of averages over the seven models in the Initial and Expanded Demonstration, benefits to taxpayers and recipients substantially outweighed their costs. Administrative costs averaged about \$60-70 per registrant, a figure well below taxpayer savings of nearly \$150 per registrant over the nine months after application. Only the Food Stamp Agency Model, undertaken during the Initial Demonstration, had administrative costs that exceeded the reduced transfer payments. Under the other models, net taxpayer benefits averaged over \$100 per registrant.

Registrants lost transfer benefits and paid higher taxes, but earned more in wages. While the combined cost of lost benefits and increased taxes amounted to almost \$150 per registrant, registrants experienced gains in earnings averaging \$205. Under the Initial Demonstration's Food Stamp Agency and Job Club Models, registrants lost slightly more than they gained. The only case in which registrants faced more than an \$11 net loss took place under the Group Job Search Model operating in rural Kentucky counties. On average, registrants participating in the other four models actually gained from being assigned to a job search treatment, since their added earnings was over \$100 more than their lost transfers and increased taxes.

In conclusion, job search requirements are clearly feasible and often cost-effective. In a demonstration context, in which Food Stamp Agencies volunteered to operate job search requirements, administrative costs averaged less than the reduction in transfer payments, which averaged less than the increase in registrant earnings. Approaches that stressed immediate job search and that required registrants to meet with counselors as a condition of certification worked best. These approaches stimulated employment and earnings

and induced reductions in food stamp and other transfer payments at low administrative costs. On balance, these models benefitted both taxpayers and food stamp recipients.

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